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LATIN AMERICA REPORT

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VARIOUS ASPECTS OF PROALCOHOL PROGRAM DISCUSSED

Upward Revision of Targets

Sao Paulo O ESTDAO DE SAO PAULO in Portuguese 12 Apr 83 p 32

/Text/ It has been announced that the government may make a new revision of Proalcohol's targets, establishing a limit above the current 10.7 billion liters envisaged for 1987. Everything indicates that the massive sales of alcohol-fueled vehicles is the main reason for this change the objective of which must be to calm the consumer market. As may be recalled, a few weeks ago a new controversy arose about this question, creating completely unnecessary uncertainty among the public and manifesting a lack of coordination of the policy applied to this sector.

It is not the first time that the targets of this program have been revised. On previous occasions their implementation was delayed. The news now lies in the increase of production, which does not fail to be controversial after the last round of controversy between the government and the industrialists, when the authorities had indicated the possibility of limiting the manufacture of alcohol-fueled cars on the allegation of a supposed lack of fuel. Once the phase of denials from each side was over, there remained the expectation of possible developments.

At first glance, the industrialists won, showing what the market has already given evidence of, namely, the success of the alcohol-fueled cars and its strong predominance in sales over recent months. On the government side, a number of points remained pending, lacking a better solution.

The first of these pertains to the multiplicity of agencies that have to do with alcohol policy, which certainly does not favor an appropriate monitoring of production and, even less, of stocks. This item, furthermore, is becoming a point of general controversy since the real figures are not publicized, generating speculation about supply and about the need to plant more or less cane.

Another important aspect pertains to definition of the appropriate size for the distilleries. Last year the discussion on the economic viability of mini and micro-distilleries was revived without the government taking any clearer position in this area.

The monitoring of production itself is subject to doubts among the official agencies. The Central Bank reported that until the end of 1982, financing was contracted for 343 projects capable of assuring a supply of 10.5 billion liters per year beginning in 1985. According to the Bank of Brazil, only 228 projects were approved and the production of the 1984-85 crop would amount to 7.5 billion liters. Thirty-five others were reportedly awaiting approval, according to the same agency.

These aspects seem to show a certain uncertainty on the part of the government with regard to energy policy in the specific area of the substitution of oil derivatives. Alcohol has not replaced diesel oil, for example, which is the product that most reinforces the country's dependence abroad, therefore, justifying great efforts to replace it. The use of alcohol as a fuel has not yet extended to heavy vehicles, including in the farm area, where there is an enormous field for this.

An important part of the question of increasing production also lies in its financing, since it is vital for the government not to incur new subsidies in a phase of changes in the economy in which its withdrawal plays a crucial role. These and other aspects deserve better explanations in order not to continually compromise the credibility of the government. After all, the relative success of Proalcool proves that it can be consolidated through the adoption of a balanced and homogeneous policy that considers the various segments involved, according to their proper importance.

First Quarter Consumption Increase

Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 May 83 p 17

/Text/ Brasilia--The national consumption of hydrated alcohol used in vehicles increased 62.8 percent in the first 3 months of this year compared to the same period last year. This increase was the result of the great volume of alcohol-fueled cars sold in the period (135,000 units).

The consumption of anhydrous alcohol for mixing with gasoline rose 47.7 percent in the first quarter of this year compared to the same quarter of last year. The increase and standardization of the percentage of alcohol at 20.9 percent, well above the 13.3 percent of last year, were responsible for the increase of consumption of the fuel.

From January to March of this year, 3.618 million barrels of hydrated alcohol were consumed compared to 2.223 million last year; and 3.789 million barrels of anhydrous alcohol this year compared to 2.465 million barrels in the first quarter of 1982.

Sugarcane Crop Increase

Rio de Janeiro JORNAL DO BRASIL in Portuguese 3 May 83 p 20

/Text/ The sugarcane crop will amount to 209 million tons, 30 percent more than last year, and the president of the Sugar and Alcohol Institute (IAA),

Colonel Confucio Pamplona, believes that some measures need to be taken so that it can all be crushed by the plants and distilleries: the government should either permit the use of alcohol as a fuel in buses, trucks and tractors, or allocate another 220 billion cruzeiros for the National Petroleum Council (CNP) to finance storage of the surplus.

The crop plan already approved envisages a production of 9 million tons of sugar (2.8 million for Brazil to fulfill its international export quota and 6.2 million for domestic consumption) and 7.060 million cubic meters of alcohol (6.6 million cubic meters for fuel consumption, 200,060 cubic meters for the chemical industry and 200,000 cubic meters for export). That requires about 195 million tons of cane, therefore, 7 percent of the canebrakes will remain standing in the field, according to the estimate of the Sugar and Alcohol Institute.

In Sao Paulo, the superintendent of the Association of Sugar and Alcohol Producers (SOPRAL), Luis Gonazga Bertelli, declared that the 1983-84 crop could bring losses to the producers, who are disappointed over the figures established for sugar and alcohol.

For alcohol, a production of almost 8 billion liters was expected (8 million cubic meters), 1 billion more than the target established in the crop plan. "We are going to have a lot of cane left standing which will not be cut by the producers," he pointed out. As for the prices, he is expecting an increase of around 50 percent for sugar and 55 percent for alcohol.

Luis Gonazga Bertelli confirmed that as of yesterday the products continued to await definition of the crop plan for 1983-84. SOPRAL, which possesses 83 units had only 10 autonomous distilleries beginning production before the official release of the figures. (For the IAA, the harvest officially begins in the Center-South region on 1 June.)

In Belo Horizonte, the secretary general of the Ministry of Industry and Commerce and coordinator of Proalcohol, Marcos Jose Marques, guaranteed that the surplus alcohol stock of 540 million liters will not be a problem even if production of the current crop exceeds the forecast. He believes that it will be possible to export 200 million liters of alcohol this year.

In order to make this export feasible, he added, a program has been created with the participation of the Brazilian Chemical Industry Association (ABIQUM). With the maxi-devaluation of the cruzeiro, the products derived from ethene have become competitive abroad, requiring some incentives: "basically the withdrawal of the taxes." According to his calculations, those exports could yield \$30 to \$50 million.

There is also no reason for concern regarding the capacity of the alcohol industry to supply the nation's vehicular fleet.

8711

CSO: 3342/111

EPE OIL SALES ON INTERNATIONAL MARKET CITED

PA050750 Quito Voz de los Andes in Spanish 1130 Gmt 4 May 83

[Text] The Ecuadorean State Petroleum Corporation, CEPE, has closed a long-term contract for the sale of 20,000 barrels of oil per day to Coastal, a U.S. company, and is about to close deals for an additional 16,000 barrels with other companies that were not mentioned by name. Official sources reported that 95 percent of their sales will be made this way.

It was also reported that the official Ecuadorean mission headed by Deputy Natural Resources Minister Jorge Riofrio that traveled to Europe has returned optimistic because of the great interest that European enterprises displayed toward investing in the country. The tour to promote investments in the hydrocarbon area also included the United States.

Regarding the trade in crude, it was specifically said that there is not enough oil to sell. A few hours ago the sale of 20,000 barrels to Coastal was approved. The price was set at \$27.50, the price that OPEC has placed on the country's oil. At the same time, Coastal will reassign 16,000 barrels per day for the internal market. The specific offers for oil over the long term rose to 69,000 barrels per day. The purchasers are the Republic of China for 10,000 barrels per day, Nikon for 15,000 barrels per day, (Delane) Enterprise International for 24,000 barrels per day and Coastal for 20,000 barrels per day. If we add the 13,000 barrels per day that Brazil refines and the 16,000 barrels for Coastal, we find that 80.9 percent of the exportable volume calculated at 121,000 barrels per day has already been placed.

CSO: 3348/398

ENERGY MINISTER ON DEVELOPMENT, RESERVES

PA132013 Paris AFP in Spanish 0135 GMT 13 May 83

[All figures as received]

[Text] Caracas, 12 May (AFP)--Venezuelan Energy Minister Humberto Calderon recommended today that oil-producing countries develop a strategy to reverse the gradual replacement of hydrocarbons by coal, in order to maintain or develop the "important role" of oil "as a source of energy."

Calderon emphasized that this strategy should be followed jointly by OPEC member countries and those that are not affiliated with the cartel.

As far as Venezuela is concerned, Calderon stressed that its oil industry must be financially self-supporting; therefore, an effort is underway to amend the oil nationalization laws by changing the terms of technology contracts with transnationals, as well as the income tax structure.

Calderon said these amendments could make possible an increased contribution from the operating companies of the Venezuelan Petroleum Enterprise (PDVSA)--the contribution is currently 10 percent--and eliminate the concept of export securities [valores de exportacion].

"I believe that the day that the oil industry becomes indebted, we will lose great political flexibility. Conditions will be imposed and that will mean the loss or reduction of our flexibility and bargaining capacity," Calderon said.

The minister was responding to opinions expressed in the country to the effect that the oil industry should seek financing abroad in view of Venezuela's economic difficulties.

Moreover, for the first time since the economic crisis began, Calderon mentioned the possibility of restructuring--in practice, reducing--the ambitious Orinoco oil belt project, which is Venezuela's most expensive and ambitious oil project.

Calderon said that this restructuring should be effected "taking into account both domestic and international realities."

He said it has been determined that the Orinoco Oil Belt contains the following reserves:

--Cerro Negro, 120 billion barrels.

--Hamaca, 100 billion barrels.

--Zuata, 180 billion barrels.

In addition: Heavy crude and extra heavy crude in the sector of Machete, in southern Quarico State.

The minister is in favor of Venezuela's continuing a program of exploration drilling that will lead to a solid position on general oil reserves in crude as well as natural gas.

He said that this intensive exploration program has increased the reserves from 18 billion barrels in 1979 to 24.5 billion on 31 December 1982.

He accused the previous administration of Social Democratic President Carlos Andres Perez (1974-1979) of neglecting development drilling, which resulted in a "brutal decrease of the production potential."

Nevertheless, the minister conceded that little relative progress has been made in this area because as the fields get old oil recovery becomes more difficult, in addition to the financial pressure that is exerted on the industry due to the drastic change in the oil international market, which forced Venezuela to decrease its 1983 drilling program to 850 wells instead of the planned 1,300 to 1,400 wells.

He said that Venezuela now has a potential production capacity of 2.55 million barrels a day with a fixed OPEC production quota of 1.7 million barrels per day, which leaves "an 800,000 barrel-a-day cushion at the present time."

CSO: 3348/397

CUBAN SUGAR MINISTER ON TRADE WITH MEXICO

Mexico City EXCELSIOR in Spanish 4 Apr 83 Cultural-Financial Section pp 4, 6

[Report on interview with Diocles Torralba, minister of the sugar industry of Cuba and member of the Cuban Communist Party Central Committee, by Juan M. Lopez Garcia]

[Text] Havana, 3 April--"Relations between Mexico and our country are not commercial, but rather, are relations based on mutual aid. We will contribute all our experience so that the Mexican sugar industry will improve. We are the most efficient sugar producers in the world. The Revolution has made enormous investments, billions of dollars in the cane industry and agriculture. Through sugar cane, we hope to become oil producers. This year, we already have a serious shortage of a million tons of sugar and we shall be far from reaching last year's production."

These are but a few of the exclusive statements made to this reporter by Diocles Torralba, minister of the sugar industry of Cuba and a member of the Central Committee of the Communist Party.

"How are relations with Mexico with respect to sugar and what could the future bring?" we asked the Cuban minister, still youthful despite his extensive revolutionary and labor background. He is in his forties, tall -- almost six feet -- olive-skinned, and with a measured manner of speech. We were in the spacious Protocol Room of the Ministry of the Sugar Industry in the residential district of Miramar.

"The new director of the CNIA [expansion unknown] recently arrived and we were discussing previous cooperation and how we are going to proceed. It was a very fruitful talk. A group of Cubans is now leaving for Mexico to set up Cuban-Mexican work groups in order to work on industrial efficiency and programs to develop computerization with mixed groups. The discussions were very positive. I will go to Mexico in the latter half of September to work out the details of long-term cooperation.

"The secretary of industry named Deputy Secretary Mario Barreiro to head the delegation, aided by Luis Rodriguez Dual. We have clarified all matters relating to the change in government in Mexico. They were fruitful talks between friends. That is what our relations are like with Mexico and our cooperation

will continue and grow stronger since it will concentrate on the field of computerization and industrial efficiency. We are also going to establish relations between the two Sugar Cane Research Institutes of our countries in order to exchange experiences."

We interrupted him to ask the question whether any sugar sales contract had been signed and he answered that none was signed as such this year. He added: "But we did discuss some figures with our foreign trade and talked of possible sales and purchases for 1984-1985."

"We can say that after this visit by the delegation headed by Mario Barreiro and Rodriguez Dual, the field of sugar cooperation will be broadened and strengthened on the basis of what it should be between Mexico and our country. These relations are not commercial, but rather, are based on mutual help between the two countries."

"We shall see equipment made in Mexico. Since Mexico is experiencing a difficult economic situation with regard to dollars at this time, we shall see equipment made in Mexico so that the payment will not be in dollars. Rather, there could be an exchange of technology, experience, and so on, and Mexico will send us the equipment it produces. In other words, we shall seek complementary cooperation in which money does not have to be used. We think that we shall achieve this."

We asked the Cuban minister whether this type of relations could serve as an example of relations between Latin American countries and countries in the region within the context of the current crisis. He replied:

"That could be one way, but Mexico is different from the rest. When we were standing alone on this continent, we had Mexico by our side. Naturally, the revolutions of Nicaragua and Granada had not yet triumphed. But we did have Mexico at our side when we were alone."

"For us, complementation with Mexico has to be distinct, not based on mercantile relations. Rather, we must contribute all our experience so that the Mexican sugar industry and sugar production improve, within our possibilities of helping."

Current Harvest and Problems

The current Cuban sugar season -- the backbone of the country's economy -- began with optimum efficiency in November of last year. The best months are those from January to April and a large part of May, since spring rains begin at the end of that month. This year, Cuba planned to produce over 8.2 million metric tons of sugar, its figure for last year, but nature stepped in. Beginning in January, strong winds, tornadoes and thunderstorms, accompanied by constant rain, caused almost irreparable damage. Mills halted operations for some 100 days since January and to date, a million tons of sugar have been produced, without even mentioning the enormous losses in other branches of agriculture and livestock raising in general, as well as in tobacco.

It was therefore essential to ask the question: What will happen to the current harvest?

"We believe we can finish most harvesting, if the weather permits, in May, but unfortunately, if we have to go into July, we shall just have to do it, even if it is not economically advantageous to do so.

"We have a commitment to the socialist camp which will be affected, that is, if the weather continues to be bad. But if we halt the harvest at the end of May, we shall aggravate the problem. We need the sugar for the commitments we have, in order to keep our commitments, and we shall do everything possible to keep them, no matter what the internal cost. We already have a serious shortage of a million tons of sugar.

"If we prolong the harvest because of the inclement weather, it is not because we want more sugar for the purpose of dumping. We shall even have to lower the quota of a number of countries because of the shortage. If the weather permits, we shall do our best. Today, you can see how the sun has come out and the wind, but we expect it to begin to rain again in the afternoon. In other words, the rain is continuing.

"This year, we shall not even approach the figure of the previous year (8.2 million tons), which was more or less the plan for this year. After an intense drought, we now have intense rains. The rain we had between January and February is more than what traditionally falls between May and June -- that is, the spring months."

Condition of the Industry

"When the Revolution triumphed in 1959, 70 percent of the Cuban sugar industry had totally lost its value. The industry was completely obsolescent. It was using only 65 percent of its productive capacity. Cane farming used extensive methods, occupying a large proportion of land in relation to production, due to the low yields, and practically all the operations were done manually in order to make use of the abundant, cheap labor that was employed only part of the year. This situation was the result of the sugar policy imposed by imperialism or by the incompetent, puppet governments.

"The period of the greatest boom and concentration of the Cuban sugar industry came during the first quarter of this century. In 1925, production amounted to 5.3 [million] metric tons of sugar.

"In our phase, the blockade came with the closing of the American market and others that were traditionally used by our industry. We had to spend 5 years with what the workers could invent, with what we invented here.

"Beginning in 1966, we began a slow process of rebuilding our industry. In 1970, the government had dropped by 55 percent. By 1985, we hoped to have only 30 percent obsolescence and by 1990, we should have totally rebuilt the equipment of our industry. This means that we are going to leave the next

generation the sugar industry totally rebuilt, and not in the condition in which we received it!

"In cane agriculture, if the industry was in that shape, farming in general was worse because in Cuba, there were 1.5 million hectares of cane and only 80,000 tons of fertilizer were spread in very specific places. Today, we use 800,000 tons of fertilizer.

"We use 1.2 million tons of cane juice froth on our soil and 50,000 tons of lime. This means that we are embarked upon a process of rebuilding the productivity of the land, which for years went without any application of nutrients and was therefore worn out.

"Mechanization of cultivation has been achieved to the extent of 52 percent. Today, Cuba cuts more cane mechanically than the rest of the countries in the sugar cane world combined. We have some 3,500 cane combines. Most of the fertilizer is spread by machine. A large part of the cultivation is mechanized. In other words, the Revolution has made enormous investments in the sugar cane industry in order to improve industrial efficiency and cane growing and harvesting."

Enormous Investments

"The cane used to be hauled by oxen. Today, 25 percent is hauled on trucks, 70 percent by tractor and wagon and only 5 percent by oxen in very specific places. Billions of dollars were invested in the past 24 years. Naturally, production has shown the results.

"From 5 million, which was the capacity during the best 5-year period before the revolution, we have raised the average, during this period from 1976 to 1980, to over 7 million tons of sugar. During the first years of this 5-year period, we have to have an average of over 8 million tons. Between 1984 and 1985, we want to produce over 9 million tons of sugar and that figure will grow to 11 million by 1990. This year, as I have said, we have a shortage, but we shall continue to grow."

"Is Cuba still a single crop exporter dependent on sugar?" we asked the minister.

"Sugar continues to be our main export, but other products: minerals, fishing products and others, are beginning to pull considerable weight and we are developing specific programs to increase such exports.

"At constant 1965 prices, in 1960, exports of sugar and its by-products represented 83.6 percent of all exports and in 1980, sugar dropped to 76 percent, despite a 22-percent increase in the volume of all exports.

"During the capitalist phase, the fact that we depended exclusively on one product for export and since sugar is a 'soft' product for trading, the possibilities of our economic development were affected due to the political and economic dominion of sugar interests and to concessions in commercial relations made by the country to imperialism in order to sell its sugar production.

"This was worsened by the unequal trading relations existing between an underdeveloped country such as ours and the United States, as well as by the constant fluctuations between supply and demand due to the anarchic nature of capitalist production.

"At the present time, 70 percent of all sugar exports go to socialist countries and only 13 percent to developed capitalist countries. The remaining 17 percent goes to underdeveloped countries with a market economy.

"Relations between socialist countries are relations between planned economies and contracts for basic products are made for long terms, which ensures the stability of production and continued development. Transactions are on an equal basis with fair prices, which determines the existence of a world socialist market that develops according to its own laws.

"Paradoxically enough, sugar production, which in the past was an instrument of imperialist domination, is now the basis of our development and specialization in the socialist camp and it serves as a pivotal point for our social and economic development. The developed technical-material base and cooperation with socialist countries enable us to produce most elements of the sugar facilities (70 percent), as shown by the construction of big manufacturing units. The scientific and technical development needed for the growth and modernization of industry is ensured by the network of research and development institutions which the country has.

"With regard to financing, our basic source of credit is the socialist camp and it is completed with loans from countries with a market economy through our commercial relations and international credit, recognized in the main financial centers of the world. All of this is a reality achieved through the work of many years, which takes us further and further away from the perception of what is traditionally known as a single-crop, single-export country."

Oil From Sugar Cane

"In the world today," the minister continued, after a sip of aromatic coffee, "sugar represents an enormous advantage for us, first of all, because of the characteristics of our country, and second, because sugar cane is another source of energy. In order to produce 8 million tons of sugar, we consume 40 tons of oil. Cane itself produces its energy in the manufacturing process because of the cane fiber.

"With oil prices as they are, it is a very competitive field, but in addition, with the development that we have recently seen in the pressure field, the boilers can be made more efficient and in addition to being self-sufficient, we can produce fuel by producing bagasse.

"Five tons of bagasse, in kilo-calories, are equivalent to a ton of oil. We are going to take that path because we are diversifying the sugar industry itself. Ours is already no longer traditional because we are developing the production of by-products, syrups, alcohol, rum, brandies, caramels. With bagasse, we have set up several fence factories. We are turning bagasse into

pulp for making paper. We are now going to develop the sugar industry in the energy field -- that is, in order to produce electricity.

"We have embarked upon a program in order, in addition to not using oil, to produce energy from cane itself. The plant which achieves the best conversion of solar light is sugar cane: photosynthesis. By using cane, we hope to become oil producers through bagasse -- that is, the equivalent of oil. We have a wide-ranging, long-term program to do so.

"Today, we are the most efficient sugar producers in the world. We produce sugar more cheaply than either Brazil or Australia. Our production costs are between 11c and 12c a pound. Our wages are also lower, in the sense that there is not that abysmal gap between the cane cutter and management personnel. For example, my salary as a minister is the same as that earned by highly productive cutters and operators of big combines."

"How much do you earn?" we asked him.

"My salary as a minister is \$500 a month, which should be about the wage of an intermediate-level technician in another country. The manager of a mill in those countries earns \$2,000, \$3,000 or even \$4,000 a month. In those countries, technical personnel and management have very high salaries.

"Over 24 years ago, a minister here earned from \$1,500 to \$2,000 a month and at that time, they were after much more. Today, what we get is headaches and criticism," Diocles Torralba concluded.

Before saying goodbye, he introduced me to Miguel Cano Blanco, first secretary of the party in Holguin Province, a pole of industrial, mining and iron and steel development (nickel, cobalt and other metals). Cano Blanco then invited me to observe the investments being made there.

We took him at his word.

11,464

CSO: 3248/745

FOOD PRICES IN CENTRAL AMERICA COMPARED

Managua BARRICADA in Spanish 28 Mar 83 p 5

[Text] From January 1982 to January 1983 Nicaragua was the Central American country with the lowest inflation rate in the cost of the basic minimum food basket composed of 20 items. In effect, in this period the food basket of Nicaragua had an accumulated inflation rate on the order of 11.1 percent per annum up to January 1983. This price behavior of food basket items contrasts with the levels reached in the other Central American countries, where the country with the least inflationary impact, Guatemala, has a rate of 20.4 percent in this group of foods.

The extreme case is Costa Rica, a country which from January 1982 to January 1983 had inflation of about 102.7 percent in the price of items composing the food basket.

In comparative terms, it means that in Nicaragua in January the quantity of articles in the food basket would be acquired for 953.07 cordobas; in January 1983, 1,059.25 cordobas would be needed to buy the same amount, that is, its cost increased by 106.18 cordobas. On the other hand, in Costa Rica, from 1,048.40 cordobas which it cost in January 1982, it increased to 2,215.32 cordobas by January 1983. That is, in terms of current cordobas, in Costa Rica, to consume the same quantity of items needed in January 1983, they needed 1,076.92 cordobas more which is the total increase in the cost of the food basket.

The relative stability in prices of the Nicaraguan basic food basket is the result of a subsidy policy and of strict control of prices which the revolutionary government has advanced in the framework of defending and preserving the basic eating habits of the majority of the Nicaraguan people. Instead, in the other Central American countries, on the one hand, there is no subsidy policy and where it existed, it has been cancelled, on the other hand, the policies of price control are a dead letter and remain simply good intentions since the governments do not possess the basic means to make the measures effective.

It is clear that the index of the food basket cannot be used to measure the evolution in the cost of living, nor is it a general index of consumer prices. What the index measures is the percentage by which the cost of a group of

foodstuffs changes which are considered basic and which guarantee the intake of a minimum adequate diet for a family of six, consisting of two adults, a teenager between 13 and 15, a child of 7 to 9, and a child of 4 to 6, and a small child of 3 years.

With regard to its comparison with the Central American level, the index reflects the percentage variation of the cost in current cordobas of that group of foodstuffs, taking as a base the current prices of each item in the currency of each country and later converting those prices to their equivalent in cordobas in accordance with the rate of exchange which prevails in the parallel market, which is the most reliable and stable indicator to analyze the non-official exchange rates of the currency. The official exchange rate is not used because it does not reflect exchange reality for all products. Nor is the illegal or "black" market rate used because it is strongly influenced by speculative factors which artificially alter exchange reality between countries and above all because the U.S. dollar is used as a measure of exchange rate and value of prices with a predisposition only to the rise to the margin of the balance of payments of each country.

CENTRAL AMERICA
Cost in Current Cordobas of the
MINIMUM BASIC FOOD BASKET
For a Family of Six Persons

JANUARY 1983

ITEMS IN THE FOOD BASKET	QUANTITY	NICARAGUA		COSTA RICA		HONDURAS		EL SALVADOR		GUATEMALA	
		Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
TOTAL COST IN CURRENT CORDOBAS			1,059.25		2,125.32		2,347.18		2,206.60		2,167.92
1. Red Beans	20 lbs.	3.92	78.40	8.02	160.40	7.35	147.00	7.20	144.00	7.70	154.20
2. Rice	31 "	3.36	104.16	6.08	188.48	9.46	293.26	6.00	186.00	7.70	238.70
3. Corn	40 "	1.90	76.00	3.40	136.00	2.64	105.60	2.00	80.00	2.64	105.60
4. Ordinary Potatoes	8 "	8.50	68.00	4.82	38.56	7.70	61.60	4.00	32.00	3.96	31.68
5. Chayote	7 "	1.50	10.50	2.55	17.85	2.76	19.32	4.00	28.00	2.20	15.40
6. Carrots	1 "	4.25	4.25	12.27	12.27	16.50	16.50	17.60	17.60	6.16	6.16
7. Cabbage	3 "	4.00	12.00	3.70	11.10	8.40	25.20	3.00	4.00	2.98	8.94
8. Ordinary Onions	10 "	10.00	100.00	8.39	83.90	7.70	77.00	6.40	64.00	11.00	110.00
9. Cassava	8 "	2.30	18.40	5.12	40.96	4.40	35.20	7.60	60.80	5.50	44.00
10. Tomatoes	15 "	3.70	55.50	3.97	59.55	6.60	99.00	8.00	120.00	9.00	135.00
11. Plantains	10 "	2.90	29.00	2.99	29.90	3.52	35.20	5.20	52.00	5.50	55.00
12. Sweet Peppers	1 "	9.80	9.80	16.24	16.24	16.60	16.60	18.60	18.60	17.20	17.20
13. Beef	8 "	5.00	40.00	16.73	133.84	22.00	176.00	10.00	80.00	15.40	123.20
14. Chicken	2 "	11.19	22.38	22.68	45.36	22.00	176.00	32.00	64.00	22.00	44.00
15. Medium Eggs	6 doz.	13.81	82.86	32.04	192.24	26.40	158.40	24.00	144.00	24.20	145.20
16. Fresh Milk	60 ls.	3.00	180.00	10.77	646.20	9.24	554.40	12.00	720.00	10.12	607.20
17. Common Salt	6 lbs.	1.25	7.50	3.40	20.40	3.30	19.80	2.40	14.40	2.64	15.84
18. Ordinary Sugar	15 "	1.95	29.25	5.39	80.85	6.16	92.40	4.80	72.00	5.06	75.90
19. Ground Coffee	4 "	15.45	61.80	12.76	51.04	19.80	79.20	50.75	203.00	27.50	110.00
20. Cooking Oil	1 Gal.	57.80	57.80	147.14	147.14	137.50	137.50	75.60	75.60	110.00	110.00
21. Margarine in Sticks	1 lb.	11.25	11.25	13.04	13.04	22.00	22.00	21.60	21.60	18.70	18.70

Sources: a) SIECA (Secretariat of Central American Economic Integration): Weekly report of selected retail food prices.

b) Ministry of Labor: Basic Food Basket of Seven Cities

c) Census Control Figures

EXCHANGE RATES USED: Parallel MARKET

WRAP-UP ON SITUATION CAUSED BY FLOODS

PY230231 [Editorial Report] Buenos Aires DYN in Spanish at 2133 GMT on 22 May reports that a group of 3,000 children are being evacuated from Resistencia to Salta, Santiago del Estero and Buenos Aires Provinces as of today.

Jose Ruiz Palacios, Chaco Province governor, announced that a preventive evacuation program will be implemented shortly. This evacuation program provides for the evacuation of some 90,000 persons from Resistencia and some 35,000 persons from Barranqueras.

It was also pointed out that food supplies and other materials for the province continue to arrive by Highway No 11.

In Corrientes the Parana River has flooded the lower areas of the provincial capital where the authorities have ordered the building of dikes to protect the port area which is still operating.

The Paraguay River water level in front of Formosa Port today reached 10.37 meters.

In the meantime Argentine air force planes have begun transporting a field hospital, with a capacity of 40 beds, to the province which will start operating tomorrow afternoon.

According to official figures 66,834 persons have been evacuated from Formosa Province.

Communications are cut between Comandante Fontana with Lomitas and other northeastern towns of Formosa Province since various portions of national Highway No 81 are under water. The Belgrano railway service has also been interrupted due to damaged rails near Estanislao del Campo.

Despite the serious situation and the fact that Clorinda Hospital had to be evacuated, provincial authorities have stated that sanitary conditions are good and that the purity of potable water is being constantly tested.

Puerto Vilelas, 8 km from Resistencia, has been completely evacuated according to a spokesman of the Civilian Defense Department.

Paris AFP in Spanish at 2020 GMT on 22 May reports that 200,000 square kilometers of six Argentine provinces have been flooded by the overflow of the Parana, Paraguay, Uruguay, Iguazu, Negro and other smaller rivers. It also points out that some 150,000 have already been evacuated and others are on a state of alert.

According to the latest reports 80 percent of Corrientes Province, 60 percent of Chaco Province and 50 percent of Formosa are under water. In Formosa Province Clorinda and Puerto Pilcomayo towns have disappeared completely and 70,000 persons have been evacuated.

The situation is not quite so dramatic in Entre Rios Province where approximately 30 percent of the land is under water, Misiones Province with 20 percent and Santa Fe with 10 percent of their territory under water.

Buenos Aires NOTICIAS Argentinas in Spanish 2133 GMT on 22 May reports that Paso de la Patria in Corrientes Province was also being evacuated today and 24 towns are affected by the floods in Chaco Province.

The Parana River water level today was of 8.11 meters at Puerto Barranqueras while in Puerto Iguazu it has started to drop. The Uruguay River water level today at Puerto Concordia reached 13.46 meters.

Experts believe that the Parana River will reach its peak height on Wednesday, 25 May.

CSO: 3348/402

INTERIOR MINISTER ON SHOOTOUT, POSSIBLE DISTURBANCES

PY201550 La Paz Cadena Panamericana in Spanish 1130 GMT 20 May 83

[Text] It is public knowledge that a campaign looking for a way to change the authorities that have been named by the Interior Ministry has been unleashed. Facing an uncertain panorama that is full of unhappy omens for the normalization process that is being carried out by the government, the interior minister has categorically stated that the government will not put up with any type of pressure from groups, political organizations or individuals in order to have departmental authorities replaced.

Minister Mario Roncal Antezana gave this warning when representatives and organizations of Santa Cruz Department asked that the departmental perfect and the city mayor be replaced. These two officials have been accused of being irresponsible in the administration of the department.

The minister said that the departmental authorities were named because of their ability and thus, based on this, they can help in consolidating the country's present process.

This was the answer given by the Information Ministry [as heard] to the pressure that has been applied in several places in the country. The requests and pressures regarding the replacement of departmental authorities came from groups that belong to the party that is not recognized by Dr Siles Zuazo [political organization not further identified].

This is another incident that highlights the internal struggle that is going on in the MNRI [Nationalist Movement of the Revolutionary Left] and we only hope that the interior minister's warning will be accepted by the groups that have been mentioned.

Answering questions put to him by reporters regarding an alleged shootout between military groups and armed civilians in Santa Ana de Yacuiba--after the arrest of Roberto Suarez had been ordered--Interior Minister Mario Roncal Antezana said that he is waiting for official information on the incident. Roberto Suarez has been accused of being one of the most important international drug traffickers.

Mario Roncal repeated that he has no knowledge of the incident that reportedly took place in Santa Ana de Yacuma.

[Begin recording] [Roncal] I am waiting for information from Santa Ana de Yacuma.

[Reporter] Nevertheless, [words indistinct] that there has been no shootout, according to Santa Ana authorities?

[Roncal] (?If you know), then why come here for information?

[Reporter] We wanted to confirm the report with you....

[Roncal] Where did this information come from? Who gave you this information?

[Reporter] From very good sources.

[Roncal] Very well then, give us the names of your sources.

[Reporter] [Words indistinct]

[Roncal] I will give you a report when I receive the respective report from Santa Ana.

[Reporter] Mr Minister: Regarding the Santa Cruz case? [Referring to first paragraph of this item]

[Roncal] They are expecting to carry out a march in Santa Cruz, that is all.

[Reporter] Have there been any disturbances?

[Roncal] No, nothing has occurred. [End recording]

These were the remarks made by Minister Roncal Antezana. He has no information about the alleged shootout between military forces and armed civilian groups in Santa Ana de Yacuma.

Official information has been promised within the next few hours.

CSO: 3348/403

USSR INTERESTED IN PERMANENT STAND AT FAIR

PY222002 La Paz EL DIARIO in Spanish 18 May 83 p 3

[Text] During a press conference, Eugenio Viokov, Soviet cultural attache in La Paz and Soviet embassy adviser Alejandro Voldaryv said that the USSR would like to have a permanent stand at the International Andean Fair in order to show Soviet technological and scientific achievements to the Bolivian people.

During the press conference, which was also attended by the general manager of the International Andean Fair—who is also the promoter of the "Expo Venta Laboral '83"—the Soviet officials referred specifically to the "Expo Venta Laboral '83" which is being sponsored by the Information Ministry and other ministries.

Voikov and Voldaryv said that this event will provide a new opportunity to show the high quality Soviet-made machinery and equipment, such as generators and so forth.

They explained that a particular feature of the "Expo Venta," which is scheduled to begin on 25 May 1983, is that Soviet technicians will be in direct contact with workers who, in turn, will have the chance to observe the quality and performance of Soviet-made machinery.

The Soviet officials remarked that Soviet-made equipment, particularly in the mining sector, has performed successfully because of the Soviet experience in the area. They mentioned in this regard the generators purchased by BAMIN [Mining Bank of Bolivia] and the machinery that was supplied to the La Palca volatilization plant.

Voikov and Voldaryv also reported that the USSR will display a wide variety of publications, mainly technical and scientific, at the "Expo Venta Laboral '83."

CSO: 3348/392

BRIEFS

PEASANTS PROTEST--La Paz, 23 May (AFP)--It was reported today that campesino commands of the Nationalist Revolutionary Movement of the Left (MNRI) of Santa Cruz, 1,000 km east of La Paz, decided to block roads, cut off the supply of natural gas to the country and the railroad services to Brazil and Argentina if the government does not replace high-ranking officials of this district. These measures were announced by Alcibiades Velarde, chief of the MNRI departmental command, who said that these measures will be maintained if Santa Cruz Prefect Joaquin Monasterios and Mayor Sergio Antelo are not replaced. It was pointed out that this is a serious event because the decision was made by the MNRI, main government party, headed by President Hernan Siles Zuazo. In Tarija, southern part of the country, outbreaks of discontent in the official party against political officials of this department have also taken place. In conclusion, another MNRI sector headed by Senator Federico Alvarez Plata and Deputy Manuel Cardenas Mallo deprived another leader Alvaro Perez del Castillo of any authority for having said that this sector of the MNRI has reportedly agreed to hold new elections in 1984 in view of Siles Zuazo's alleged lack of ability to resolve the country's domestic problems. [Text] [PY232235 Paris AFP in Spanish 1624 GMT 23 May 83]

CSO: 3348/392

GUERREIRO REFUTES CRITICISM OF FOREIGN POLICY POSITIONS

Rio de Janeiro O GLOBO in Portuguese 15 May 83 p 9

[Interview with Foreign Affairs Minister Ramiro Elisio Saraiva Guerreiro in Brasilia on 14 May: "Guerreiro: Third World is the Reality. And Not a Policy Option"; name of interviewer not given]

[Text] Brasilia--Foreign Affairs Minister Saraiva Guerreiro, in an interview granted to O GLOBO yesterday, refuted criticism of the foreign policy conducted by him in Itamaraty [Foreign Affairs Ministry], asserting that rapprochement between Brazil and other Third World countries results from "part of our existence" and not from a policy option, which does not imply dissociation from the United States and Western Europe. The foreign affairs minister made a distinction between belonging to the Third World and joining the Movement of Nonaligned Countries, in which Brazil participates only as an observer, "which is indeed a policy option." He also asserted that Brazilian foreign policy is based upon advocacy of well-defined principles, such as nonintervention, applied without distinction.

The interview:

[Question] Mr Minister, it has often been said recently that the economic ministries disagree with Brazil's foreign policy, finding it "Third-Worldistic." Is Itamaraty actually adopting such a policy?

[Answer] There is no such thing as a "Third-Worldistic" policy. There is no such expression. I have said time and again that the Third World is a label for a factual situation. In practice, the Third World countries are the developing countries.

Now, those who criticize Itamaraty for adopting a Third-Worldistic policy are making two errors of perception: Some confuse the fact that Brazil belongs to the Third World--which is a fact--with a political choice, which is to enter the non-aligned movement, in which Brazil is not a full member, but participates as an observer.

Others commit the error of thinking that a foreign policy of cordiality, understanding and friendship with developing countries has been conducted at the

expense of Brazil's relations with the United States and Western Europe. This would be contrary to everything we have said--not only I but the president of the republic.

As President Figueiredo said, a country such as Brazil can no longer be circumscribed to a type of international relations specializing in one area. Brazil is today a country with a presence--often tenuous, but undeniable--everywhere. We can no longer maintain relations only with the countries of the North. Such relations already existed and were very important in all aspects: economic, political and cultural. Brazil is a Western country, in terms of the West's permanent values, but this is by no means incompatible with the fact that it is a developing country. That it is a Third World country.

[Question] If it is not "Third-Worldism," then how do you characterize Brazilian foreign policy?

[Answer] I don't use labels, because an expression always lends itself to misinterpretation. I don't think the label should be given by the participant. It must be given later by the historians who have studied the times.

But Brazilian foreign policy can be called "principlistic," because Brazil gives emphasis to the principles of the United Nations Charter and the rule of law.

[Question] Deputy Miguel Arraes criticized Brazil for not participating fully in international events, always maintaining the position of observer. Itamaraty was also criticized for not acting upon the principles it supports, as in the case of conflicts in Central American countries, under the allegation of not interfering in the affairs of others.

[Answer] We have taken a position in relation to Central America that until now has been characterized by enunciating the principles of self-determination, non-intervention and a peaceful and negotiated solution. All right, these are the principles.

Now, what happens is that these principles must be applied to all, and some want them to be applied only to some parties and not to others. But we have neither the means nor the responsibility of imposing such principles, although if we had to impose them, we would impose these principles rigidly. In other words, non-intervention implies nonintervention by anyone in the affairs of others. If we were to do this, everyone would criticize us because each would think that intervention by country A in country B, even if underhandedly, is justifiable because the cause is just. But intervention by country B in country C is unjustifiable. This we do not do.

[Question] Can you cite specific examples?

[Answer] No. A, B and C will do. I can say that if we could be justifiably criticized it is for adopting a position of principles. But a principle is a principle. Either it is applied scrupulously to everyone and all countries involved or don't approach me with one-sided moralizing.

But our position, although one of principle, is not abstract. We have provided undeniable political support to Mexico, Venezuela, Colombia and Panama--who make up the Contadora Group--and the effort they are making to solve the conflicts of Central America.

[Question] Didn't you say earlier that Brazil does not have the means to impose its principles?

[Answer] No one has the means, not even the United States. Do you think anyone has the means to impose its will? So conflicts must be subject to negotiation, as an imposition would also be a violation of principle.

The Contadora Group is trying to do precisely that--negotiating, persuading and seeing if it is possible, in an impartial and balanced way, to solve the problem, assuring to each its right to self-determination and preventing each from interfering in the internal affairs of others. It is striving for a reduction in the level of armaments and for putting an end to the practice of military advisers so the Central American countries can return to a peaceful life.

[Question] How does the Brazilian Government view Suriname's new political course?

[Answer] We don't express an opinion about the internal affairs of another country. I can say merely that Brazil's relations with Suriname are going very well and the Suriname Government is conducting itself toward us in a perfectly friendly manner. In fact, we expect in the next few weeks to receive Errol Allibux, prime minister of Suriname, on a working visit.

[Question] Will cooperation with the Suriname Government be discussed during the Allibux visit to Brazil? What kind of cooperation will it be?

[Answer] We can cooperate in the technical field, in providing the services of Brazilian firms in works and projects in Suriname and even in the military sector. When I was in Suriname in January of last year, Commander Desi Bouterse was interested in the work done by the armed forces in Brazil related to development, such as highway construction and the assistance given by the navy to isolated populations living on river banks in the Amazon Basin. What is new now is the decision to put this cooperation into practice.

[Question] Since the Brazilian Government is interested in cooperating in the economic sector with the Suriname Government, why did President Joao Figueiredo appoint General Venturini to head the mission to Suriname?

[Answer] When Itamaraty establishes a program of cooperation with other countries it cannot act alone, because at times the program involves participation of experts from other ministries, such as the Agriculture Ministry, or it depends upon financing from CACEX [Foreign Trade Department] or even budgetary appropriations, which in turn depend upon the Planning Ministry. The reason why General Venturini was chosen to head the mission to Suriname is that he has connections with the president.

[Question] But so have you, don't you?

[Answer] Yes, but it is quite different from the standpoint of image, especially in Suriname. You see, a visit from a personal representative of the president would be an assurance that all agencies of the government would indeed be mobilized to carry out those projects that are of mutual interest. It assures that the president himself is in charge and it is not simply a matter of internal coordination. It would indicate that the president himself would decide what was to be done by the various agencies.

[Question] Did the choice of Venturini also have the purpose of avoiding speculation that Itamaraty was making an effort to cooperate with a nation accused of being aligned with Cuba?

[Answer] No, because any suspicions that might arise would be totally irrelevant. We absolutely would not be liable to any such suspicion. Moreover, we had been keeping tabs on the course of events in Suriname and our evaluation was always that there had certainly not yet been and there was not likely ever to be a decision by the Suriname Government to align itself in some way with Cuba. That was our evaluation and we felt there was no reason to remain aloof and isolate that nation.

8834

CSO: 3342/119

SUBCOMMITTEE TO STUDY RESUMPTION OF RELATIONS WITH CUBA

Brasilia CORREIO BRAZILIENSE in Portuguese 6 May 83 p 6

[Text] Resumption of Brazil's diplomatic relations with Cuba will be the subject of a study by a special subcommittee for that purpose approved yesterday at the request of Sao Paulo Deputy Joao Hermann Neto of the PMDB [Brazilian Democratic Mobilization Party] in the Foreign Relations Committee of the Chamber of Deputies.

Meanwhile, on the chamber floor, Deputy Marcio Santilli, also of the PMDB, recommended that Congress communicate to Foreign Affairs Minister Saraiva Guerreiro parliamentary endorsement for Brazil's taking steps to resume diplomatic relations between Brazil and Cuba as soon as possible.

Santilli's proposal, with that of Joao Hermann Neto, will be sent to the Foreign Relations Committee, from where it will be sent to the chamber president.

"We find it hard to understand," says Marcio Santilli, "why, for almost two decades, Brazil has maintained a discriminatory policy toward Cuba, which, like us, is an underdeveloped nation. We have many common interests in regard to relations with big world powers and the contradiction between North and South in international politics. In all international forums that country has supported positions similar to those of Brazilian diplomacy. We have indissoluble historical and cultural links. Cuba is a Latin American nation that, like us, suffers the tradition of a colonized country. We are united by folk music, sports and a number of other cultural characteristics common to sister nations. Moreover, there is no reason to minimize the capability of the Brazilian armed forces in defending our borders. The effectiveness of any aggressive or interventionist attitude toward Brazil on Cuba's part does not seem feasible to us, given the economic, demographic and territorial disproportion that separates us. Objectively, interventionism is not in the interests of either country."

8834

CSO: 3342/119

PERSONS CHARGED WITH PARTICIPATING IN PCB CONGRESS NAMED

Rio de Janeiro JORNAL DO BRASIL in Portuguese 14 Apr 83 p 4

[Text] Sao Paulo--Federal police asked the 1st Military Judgeship of Sao Paulo to arraign under the 1967 National Security Law 67 of the 91 persons arrested last 13 December in the auditorium of Editora Novos Rumos [New Directions Publishing Company] in a building in the center of the city. They are accused of participating in the 7th Congress of the Brazilian Communist Party (PCB).

Among those indicted are PCB Secretary General Giocondo Dias and members of the party Central Committee. The investigation to be made by the 1st Military Judgeship will be turned over to a military prosecutor, who is responsible for deciding whether the accused should stand trial. The case will then return to the court, which will decide how the suit should be filed.

Those Indicted

The following are indicted in the federal police inquiry:

Moises Vinhas Romeno, retired (SP [Sao Paulo]); Severino Teodoro de Mello, merchant (RJ [Rio de Janeiro]); Almir de Oliveira Neves, journalist (RJ); Lindolpho Silva, journalist (SP); Salomao Malina, translator (SP); Regis Saviato Frati, publisher (SP); Giocondo Gerbasio Alves Dias, journalist (RJ); Noel Gertel, journalist (SP); Frederico Pessoa da Silva, journalist (SP); Joao Guilherme Vargas Neto, translator (SP); Geraldo Rodrigues dos Santos, retired (SP); David Capistrano da Costa Filho, physician (SP); Eucares Almeida Bogossian, law student (SP); Ubirata de Paulo Santos, physician (SP); Iara Lucia Brayner Matos, nutritionist (SP); Marco Aurelio Nogueira de Oliveira e Silva, university professor; Onofre da Costa Lima Filho, lawyer and livestock breeder (MS [Mato Grosso do Sul]); Takao Amano, manager of Editora Novos Rumos; Iukitaka Mito, business administration technician (SP); Paulo de Santana Machado, retired (RJ); Agenor do Nascimento, mechanic (RJ); Zuleika D'Alembert, writer (SP); Alon Seuerwerker, student (SP); Dinarco Reis, ex-military (RJ); Armando Ziller, retired (MG [Minas Gerais]); Iva Martins Pinheiro, bank clerk (RJ); Angelo Jose del Mato, merchant (SP); William James Melo, mechanic (RJ); Amaro Valentim do Nascimento, carpenter (RJ); Jose Alves de Brito, former state deputy (RJ); Hercules Correa dos Reis, administrative aide (RJ); Hans Heinz George Wersel, engineer (SP); Fued Zsad, physician (SP); Marco Antonio Moro, attorney (SP); Marcos Cardoso Filho, engineer (SC [Santa Catarina]); Givaldo Pereira de Siqueira, clerk (RJ); Diogenes Sandim Martins, physician (SP); Luiz Carlos

Azedo, journalist (RJ); Luciano de Freitas Pinho, sociologist (SP); Gildo Marcal Bezerra Brandao, journalist (SP); Arnaldo Goncalves, president of Santos Metalworkers Union (SP); Armando Marques Sampaio, sociology professor (RJ); Armenio Guedes, journalist (SP); Sergio Augusto de Moraes, electrical engineer (RJ); Antonio Ribeiro Granja, journalist (RJ); Jose Raimundo da Silva, bank clerk (RJ); Luiz Tenorio de Lima, industrialist, alderman (SP); Flavio Koswig, economics student (Pelotas, RS [Rio Grande do Sul]); Domingo Roberto Todero, attorney (Caxias do Sul, RS); Hilario Goncalves Pinha, factory worker (Porto Alegre, RS); Marcelo Feija de Gantana, economist (Salvador, BA [Bahia]); Abelardo Andrade Caminha Barros, economist (PE [Pernambuco]); Fausto de Ima Nogueira, public servant (Recife, PE); Julio Cesar Ramalho Ramos, attorney (Joao Pessoa, PB [Paraiba]); Raimundo Antonio Jinkings, journalist (Belem, PA [Para]); Wellington Dantas Nogueira, attorney (Aracaju, SE [Sergipe]); Sebastiao de Sa Figueiredo, journalist (Maceio, AL [Alagoas]); Carlos Alberto Lima Torres, engineer (Brasilia); Paulo Elisiario Nunes, expeditor (MG); Jorge Franco de Santana Machado, journalist (Manaus, AM [Amazonas]); Adalberto Timoteo da Silva, merchant (MG); Coloter Saldanha Mota, alderman (Porto Velho, RO [Rondonia]); Ildeberto Muniz de Almeida, physician (Vitoria, ES [Espirito Santo]); Hermanno de Paiva Oliveira, physician (RN [Rio Grande do Norte]); Paulo Arruda Vilar, public relations (GO [Goias]); Expedito Oliveira da Rocha, sculptor (Curitiba, PR [Parana]); Thomas Jose dos Santos, carpenter (MA [Maranhao]).

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CSO: 3342/119

TEN COMPANIES ACCOUNT FOR 26 PERCENT OF EXPORT SALES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Apr 83 p 34

/Text/ Brazilian exports for the first 2 months of this year continued to show a strong concentration in 10 companies out of the 250 principal ones that operate in the foreign trade area inasmuch as they account for 26.67 percent (\$785,618,000) out of total sales in the order of \$2.945 billion; compared to 24.28 percent (\$749,319,000) out of total sales of \$3.086 billion exported during the same period last year.

The information provided in Rio yesterday, 2 months late, by the Foreign Trade Department of the Bank of Brazil (CACEX), also shows that of the 10 companies, four are state-controlled and six belong to the private sector, distributed in their majority between the states of Sao Paulo and Rio de Janeiro.

The four state companies--the Brazilian Petroleum Corporation (PETROBRAS), Vale do Rio Doce Company, Petrobras International Trade Corporation (INTERBRAS), and Sugar and Alcohol Institute (IAA)--exported \$556.93 million in the first 2 months of the year. The six companies in the private sector--Citrosuco Paulista Inc, Engexco Exporters Inc, Fiat Automobiles Inc, Tristao Foreign Trade Co, Brazilian Combined Mining Inc and Sucocitrico Cutrale Inc--exported \$228,688,000.

First place in sales for the first 2 months of 1983 for the state-controlled companies went to PETROBRAS, with \$261,031,000, and for the private companies, to Citrosuco Paulista Inc, with \$49,161,000; Engexco Exporters came in second place, with \$41,688,000.

Exports

January-February (in \$1,000):

<u>Company</u>	<u>1983</u>	<u>1982</u>	<u>Balance</u>
PETROBRAS	261,031	206,121	54,910
Vale do Rio Doce Company	145,413	127,416	17,997
INTERBRAS	90,388	43,495	46,893
Sugar and Alcohol Institute	60,098	94,603	-34,505
Citrosuco Paulista Inc	49,161	90,964	-41,803
Engexco Exporters Inc	41,688	1,244	40,444
Fiat Automobiles Inc	41,159	44,358	-3,159
Tristao Foreign Trade Co	33,190	29,040	4,150
Brazilian Mining Inc	33,084	45,024	-11,940
Sucocitrico Cutrale Inc	30,406	67,054	-36,648
Total:	785,618	749,319	(plus) 36,299

(plus) Positive balance for the 10 companies

Source: CACEX

8711

CSO: 3342/111

POSSIBLE PURCHASE OF GABRIEL MISSILE STIRS ARMS INDUSTRY

Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Apr 83 p 13

/Text/ Brasilia--The report that the navy is studying the possibility of purchasing the Gabriel antiship missiles produced by Israel is causing apprehension among Brazilian arms manufacturers not only in the missile sector but mainly in the areas that already export equipment to the Middle East. Last year, Brazil exported \$1.5 billion worth of arms, \$900 million of which to Arab states.

The president of the Ordnance Industry of Brazil (IMBEL), Jose Luis Whitaker, stated in that regard that implementation of the deal will be a "death blow" to the sector inasmuch as 60 percent of the Brazilian exports go to Arab countries. Whitaker considers the fact that Israel is offering the missile technology free to be a ruse because it knows that this would mean taking Brazil out of the world arms market.

Implications

Among the Brazilian manufacturers, Specialized Engineers Corporation (ENGESA) already supplies light tanks to Libya and Iraq and has new orders that total about \$300 million, 60 percent of which comes from Arab countries. ENGESA has successfully sold Cascavel and Urutu tanks and now the Jararaca tank.

But it is not only the companies that export to the Middle East that are worried. According to Jose Luis Whitaker, Brazil has the technological conditions to build missiles similar to the French Exocet and IMBEL is already manufacturing and exporting components for the Tiger Fish to England.

The orders received by ENGESA assure maintaining its production for a period of 2 years, including the companies controlled by it. ENGEX, which builds 90 and 105 millimeter cannons in Bahia and the Brazilian Munitions and Manufactures Factory (FAMABRA) are subsidiaries of the Sao Paulo company. In addition, it is an associate of Philips in Engetronica, which produces electronic equipment for its light armored vehicles such as the night-fighting viewer.

The commercial director of AVIBRAS, the Brazilian company specializing in the production of missiles, Pedro Vial, shares the same opinion as Whitaker and said that it would be absurd for Brazil to spend foreign exchange if it can

obtain missiles similar to the Gabriel right here. AVIBRAS already produces and exports an air-to-air missile to various countries.

A source from the arms sector revealed that AVIBRAS has a plan to develop a missile similar to the Exocet in Brazil and its antiship missile design needs only time to be developed. According to sector specialists, the fuel developed by AVIBRAS for its missiles and rockets, the Composit, is of high quality.

8711

CSO: 3342/111

COMMUNIST PARTY LEADER ON BACKGROUND OF ECONOMIC CRISIS

PA181604 Havana International Service in Spanish 0000 GMT 18 May 83

[Interview with Jose Cademartori, member of the Communist Party of Chile Central Committee, by Pedro Martinez Pirez; date and place not given--recorded]

[Text] [Martinez] In today's interview section, we have Jose Cademartori, a member of the leadership of the Communist Party of Chile Central Committee. During the constitutional government headed by Salvador Allende, Cademartori was economy minister. We want to ask him to explain the economic background of Chile's current crisis and the bankruptcy of the Pinochet dictatorship.

[Cademartori] The economic background of the Chilean dictatorship's current crisis is nothing but the result of the contradiction between the pro-imperialist policy followed by the dictatorship since its beginning and the interests of the Chilean nation as a whole, which have been seriously affected by that policy.

Through Pinochet and the so-called Chicago boys who implemented the dictatorship's economic policy, imperialism imposed on our country an ultraliberal [as heard] and fascist economic model whose purpose was to serve as an example for all the Third World countries as an alleged prescription to solve our people's economic and social underdevelopment. This policy was implemented in the best conditions for imperialism. In other words, it was implemented without a press, public freedoms, unions--in a word, with all the absolute and arbitrary power in the hands of the dictatorship. This policy was also implemented in the best conditions for the dictatorship, because it had a huge flow of financial resources that were placed in Chile through the banking system and through loans that the dictatorship received in huge sums, thus making Chile appear to be beneficiary of capital that would permit it to overcome its underdevelopment.

Nevertheless, as we predicted in the analysis that we made from the moment that this policy was implemented, the results could be nothing but the destruction of the more-or-less independent structure that Chile had for many years to develop its own national industry, to nationalize some of its basic resources--such as copper, something that was achieved in the Salvador Allende Government--and other historic achievements of the Chilean working

class and people. All of this was destroyed and demolished under the guidelines that indicated that the state should disappear, that the state enterprises should be turned over to the private sector, that the market was the only efficient regulator of the economic resources, that private enterprise would be the motor of development, etc.

In practice, all of these myths did not produce the development of the country's economy. Instead, they produced the subjugation and orientation of the economy to satisfy the desire for profits of the transnational monopolies, which placed their merchandise in Chile. All of this led to the deterioration of the national industry.

This policy also forced the country to pay huge resources and allocate huge sums to the payment of the loans that were apparently being granted in a generous way but which cost huge sums of money to the Chilean state, the national enterprises and the country's economy as a whole. The country has reached a situation in which, in order to pay for imports, it needs to expend almost 80 percent of the national resources, the copper and other export products. In other words, to pay the foreign debt, 80 percent of the natural resources have had to be used, thus leaving only 20 percent to pay for the country's basic needs. That is to say, there is a crisis in foreign trade. There is a foreign debt crisis since it cannot be paid or endured. We have reached a situation in which the national industry cannot operate due to the accumulated debts. The national capitalists have had to sell or to turn over to the banks their property, their factories. They have had to cheaply sell their machinery, much of which have been taken to other countries.

Needless to say, the working class has been experiencing a cruel superexploitation. The middle class has also been affected. As a result of the situation, many professionals cannot find jobs. There are thousands of professionals, engineers, lawyers and architects selling combs in the streets or involved in craft work because there are no jobs for them.

This is the economic background, the bankruptcy of the country's economy and of the dictatorship, which has led to the gradual but increasing development of the national protests all over the country by all social sectors. These protests are no longer directed against such-and-such an aspect of the economic policy or minister or just the economic policy as a whole, but are directed at the foundations of the fascist domination system and Pinochet and his clique.

CSO: 3348/390

BRIEFS

JOURNALISTS SUE INTERIOR MINISTER--Santiago, 20 May (AFP)--The Chilean Journalists' Union has pressed constitutional charges against the interior minister, whom they hold responsible for repeated outrages upon the freedom of speech, union leaders reported today. The National Council of the Chilean Press Board submitted a petition to the Constitutional Court denouncing actions by unidentified civilians, who apparently were cooperating with the police and beat several journalists with blunt instruments during the repression of two recent street demonstrations. The charges, which call for sanctions against the policy director of General Augusto Pinochet's cabinet, also draw attention to the government's decree of last week, which banned the transmission of information and commentaries to Santiago's Radio Cooperativa and its affiliate radio stations in the cities of Valparaiso and Temuco. The Interior Ministry accused these radio stations of helping in setting up an artificial state of upheaval during the day of national protest that the opposition unions staged last Wednesday 11. Coupled with the constitutional charges, Santiago's Journalists Union decided this week to hold a work stoppage a date for which has not yet been fixed. [Text] [PY212355 Paris AFP in Spanish 1707 GMT 20 May 83]

CSO: 3348/390

NEWS EXCHANGE WITH DEVELOPING COUNTRIES PROMOTED

PA201927 San Jose Radio Reloj in Spanish 0100 GMT 20 May 83

[Text] At our government's suggestion, the Costa Rican Radiographic Company [Compania Radiografica Costarricense] has agreed to establish the necessary facilities to exchange news more broadly and freely and in a more balanced way, Information Minister Armando Vargas [title as heard] has announced.

The exchange will be more vigorous with the developing countries, but this does not mean that the program will not be implemented in industrialized countries as well, the high-ranking official explained.

Company representative Carlos Moreno explained that the agreement consists of a price reduction for the linked news agencies in Latin America and other parts of the world.

After announcing the plans to reduce the rates for news agencies in the international link-ups, Vargas explained that the government is also interested in broadcasting an hour of daily news in those countries that will benefit from this program. Costa Rica has been attacked recently through an international campaign that distorts our reality. According to that insidious campaign, Vargas explained, Costa Rica has gone from an attacked country to an aggressor. As Costa Rica's efforts to reduce the rates must bring some compensation, this type of international dissemination would serve in that capacity.

Costa Rican journalists will also benefit in that the lower rates will cause many agencies to consider the possibility of opening branch offices in our country, thus creating new jobs, Vargas added.

CSO: 3248/798

PR REFUTES PRD CHARGES ON ECONOMIC CONDITIONS

Santo Domingo LISTIN DIARIO in Spanish 26 Apr 83 pp 1, 10

[Article by Manuel Silvestre]

[Text] The Reformist Party deplored the present situation of the national economy, accusing the two administrations of the PRD [Dominican Revolutionary Party] of being responsible for that and its sequel of unemployment.

"Of course, the PRD did not invent unemployment in the Dominican Republic but the mismanagement of the PRD has helped enormously to aggravate that social problem," stated the Reformist Party in a document read on its mouthpiece "Reformist Orientation" broadcast daily at 2 PM by a chain of stations under Radio Central.

The main opposition party maintained that since the PRD took power in 1978, it "dismembered the construction industry and threw out on the sidewalk thousands of workers who labored for many years on the many public projects that the reformist administration carried out throughout the country.

"Now the PRD government is accused of having neglected the industrial free zones, consequently contributing to the exodus of many enterprises from those industrial parks. Therefore, many Dominican workers were laid off and others have had their workdays reduced," the political organization added.

The text of the statement is as follows:

LISTIN DAIRIO, in its issue of 22 April 1983, page 5-A, published a speech in which the secretary general of the PRD referred to the Socialist Internationale meeting held in Albufeira, Portugal. He cited the following paragraph of the speech made at that meeting by the first secretary of the French Socialist Party, Lionel Jospin: "Explaining the concept of crisis, Lionel Jospin said: 'To a certain degree, the existence of the crisis of capitalism justifies the theory of socialist action like the desire for criticism and transformation of capitalism.'"

In the speech, the secretary general of the PRD described himself as a socialist. It should be asked: What has that party done or what is it doing to transform the Dominican capitalist society into a socialist society? What

contributions has it made or what is the PRD doing to socialize the Dominican economy? The only socialist achievements in this country are due precisely to historic reasons: we are, in effect, the most socialist country in America because Trujillo left an enormous industrial emporium that has become part of the patrimony of the nation and, since the end of 1961, has been administered and developed by the state.

The socializing reforms that the PRD initially included in its program--that is, nationalizations and participation of the labor force in so-called mixed enterprises--have been eliminated since that political organization's rise to power.

In the same speech, according to LISTIN DIARIO, the following was stated: "After listening to the greatest voices of politics today, it is possible that the opponents of the PRD understand that the crisis in our country is not our work, that unemployment was not created by the PRD governments and that the worsening of this scourge of modern societies occurred after the defeat of the Reformist Party in 1978."

Of course, the PRD did not invent unemployment in the Dominican Republic but the mismanagement of the PRD has helped enormously to aggravate that social problem. Let us look. Since it took power in 1978, the PRD dismembered the construction industry and threw out on the sidewalk thousands of workers who labored for many years on the many public projects that the reformist administration carried out throughout the country. Now the PRD government is accused of having neglected the free zones, consequently contributing to the exodus of many enterprises from those industrial parks. Therefore, many Dominican workers were laid off and others have had their workdays reduced.

Let us leave the criticism which the PRD administration deserves on this aspect and its administrative work to an independent voice, the newspaper HOY. In its editorial of 23 April, it said: "Certain questions about recent statements on the current situation in the industrial free zones occur to us. There has been the warning that we are running the risk that the enterprises in those industrial parks will emigrate to other nations offering better and more advantageous operating conditions. Statistics on levels of employment and the number of enterprises that have closed their doors have been cited. Comparative levels of costs for wages and electrical energy compared to those prevailing in other countries have been revealed.

"What is amazing about all this is that this situation has not been acknowledged by the government. The authorities knew about it last year. Since then, there have been frequent indications of its worsening; nevertheless, nothing effective has been done to remedy it."

In his speech, the secretary general of the PRD presented another basically erroneous concept. According to him, the national crisis is due exclusively to external factors such as the decreased prices of our traditional exports and the rise in oil prices. That is the truth but not the whole truth. The decreased prices of exports, especially sugar, is an evil of all Latin American economies and dates from long ago. Sugar prices rise sporadically in the world

market as occurred in 1974-75 and 1980-81. What is important is that when the price of that product rises on the international market, those additional resources must be used for economic stability as occurred under the reformist administration in 1974-75. All the funds that sugar generated in that period were allocated to the construction of our large dams: Valdesia, Sabana Yagua, Sabaneta, Rincon and Hatillo. However, in the 1980-81 sugar harvest, sugar was sold at a higher average price than at any other time in Dominican history. The average price reached during that harvest was higher than in previous years due to the fact that the country sold the major part of its production through futures. This meant that all that harvest was sold at exceedingly satisfactory prices. However, those additional resources were squandered and the country did not benefit at all from that bonanza. On the contrary, it became extraordinarily indebted as demonstrated by the \$185 million loan that the CEA [State Sugar Council] signed with a consortium of foreign banks.

The oil price increase began in 1973. For 5 consecutive years--that is, from 1973 to 1978--the reformist administration bore the weight of that increase without serious problems for the Dominican economy. It is true that the price of hydrocarbons shot up again after 1978 to reach the scandalous figure of \$38 per barrel. However, the PRD administrations benefitted from additional resources which the country had never had before: the \$300 million that Rosario contributed to the national budget during that period; the exceedingly favorable terms of the San Jose Agreements; the fabulous sum of more than 1 billion pesos in inorganic money; and the loans and donations that, from 1978 until now, have gone into the national coffers as extraordinary resources. It does not seem necessary to bring out new statistical data to point out the disaster of the PRD administration. Never in all national history has there been such a case of gross incompetence as those administrations.

We can continue putting the finger on the sore spot and we will do so energetically if the effects of this debate, which could become historic, make it necessary.

7717

CSO: 3248/755

PENA GOMEZ COMMENTS ON U.S., CENTRAL AMERICA, CUBA

Santo Domingo LISTIN DIARIO in Spanish 22 Apr 83, pp 1, 10

[Article by Saul Pimentel]

[Text] Dr Jose Francisco Pena Gomez said that the policy that Ronald Reagan's government applies in our country is "completely different" than that in other countries of Central America and the Caribbean "because his diplomats have acted with extreme restraint, delicacy and total respect for our country's sovereignty."

In his opinion, that is essentially due to the fact that the PRD [Dominican Revolutionary Party] "has not offered any pretexts. We are completely independent of its policy of confrontation in Central America as well as of the policy of the Soviet Union and its allies."

He indicated that the latter policy has been condemned by the PRD in all forums for its intervention in Afghanistan.

Pena Gomez gave these opinions when he spoke yesterday on "Democratic Tribune," the party's radio program. It was the fifth in a series of speeches on the events of the last congress of the Socialist Internationale held in Portugal.

In his opinion, the Central American confrontation has once more demonstrated the correctness of his (Pena Gomez') statement that U.S. liberals and other progressive forces in that country were actually the most effective allies of democratic revolution in Latin America.

He stated: "No one any longer debates the truth of that statement which has been corroborated by the firm opposition encountered in the U.S. Congress by the policies for domination of the most conservative and interventionist sectors in that great country."

He alleged that neither the Soviets nor the Cubans were the best ones to halt the CIA's secret operations in El Salvador and Nicaragua. He stressed: "It is precisely the alleged Cuban or Soviet presence that serves as the pretext for U.S. intervention in Central America. It is assumed that, to the degree that the revolutions in El Salvador and Nicaragua are independent of the blocs, they will find the necessary support inside and outside the United States to counterbalance the influence of the groups and officials who advocate intervention."

He said that there are now counterrevolutionary forces operating within the territory of Nicaragua itself and there are U.S. intelligence agents in Honduras counteracting the Salvadoran guerrillas.

He stated: "Neither the Soviet Union, Cuba nor any country in Eastern Europe can send its armies to defend those revolutions because that would be the justification that the Reagan administration needs to crush those movements."

Pena Gomez explained: "According to the rules established by the superpowers in their areas of influence, they can send arms to their allies but their adversaries cannot without violating the unwritten laws of compartmentalization and division of the world."

He repeated that the only barrier that can restrain U.S. intervention in Central America is "the revolutionary movements' policy of strict nonalignment. The U.S. power sectors can accept dealing with antidemocratic governments but, as Bettino Craxi said, they will never accept another communist regime in any Latin American country."

He stated that U.S. congressional leaders who oppose the actions of the White House will be able to oppose its policy only if the president cannot present them to the U.S. voters and the U.S. public as instruments of the policies of Cuba and the Soviet Union.

He said: "We know that the Salvadoran and Nicaraguan revolutionaries, different from the Dominican leftists, have established close friendly relations with many U.S. democratic figures. They should understand better than anyone the importance of President Reagan's unusual appearance before the Senate and House of Representatives."

He said that it is necessary that the Nicaraguan revolution adopt clear initiatives that show it to be an unassailable movement because of its democratic objectives and its international nonalignment.

He stated that there is a great deal of disinformation about Nicaragua. The most powerful news agencies in the world work to distort the image of that process. However, he pointed out that this undermining must not be facilitated by actions that help U.S. and Latin American conservatives justify aggression. He indicated that this includes the censure of the newspaper LA PRENSA which, in his opinion, should be permitted to circulate freely.

He maintained that as the Sandinists prepare military resistance against the rebels supported from abroad, they must launch a political offensive that completely disarms their opponents inside and outside Nicaragua. These initiatives must be based on the principles of the original project.

In his opinion, the Sandinists cannot tolerate a long war of attrition which, he feels, the U.S. Government is pursuing. He observed: "There is a vast inequality of resources between Nicaragua and the United States. Only by neutralizing the interventionist sectors can the Sandinists save their revolution."

1717

CSO: 3248/755

NEWS INFORMATION AGENCY TO BE FOUNDED 10 OCTOBER

PA130251 Panama City LA PRENSA in Spanish 11 May 83 p 7A

[Text] A press release issued yesterday in Panama City announced that the Agencia Latinoamericana de Servicios Especiales de Informacion (ALASEI), will be founded in October 1983. The agency will be located in Mexico City.

This decision was made by the 12 member countries of a special SELA committee that was convened in Panama 2 years ago for the sole purpose of founding this regional news agency.

This was agreed upon by the representatives of Costa Rica, Cuba, Ecuador, Grenada, Guyana, Haiti, Bolivia, Mexico, Nicaragua, Venezuela, Panama and the Dominican Republic, as well as observers from Colombia and Argentina, at the committee's last meeting.

ALASEI, which has been described as "a news agency that will give priority to substantive, analytical news and satisfy the region's overall development needs," will maintain a pluralist structure in its directive organs through the participation of private, state and professional sectors, in accordance with the statutes approved by the member countries of the SELA committee.

It was later reported that this would be accomplished through the participation of regional media organizations in the agency's board of directors. These organizations would be: the Inter-American Radio Broadcasting Association (AIR), the Latin American Association of Communications Researchers (ALAIC), the Federation of Latin American Journalists (FELAP), and the Inter-American Press Association (IAPA), as well as the states who will sign ALASEI's charter on 10 October during the installation ceremony in Mexico City.

The plan to found ALASEI, undertaken by SELA for 2 years, had its origin in studies made by UNESCO since 1976.

CSO: 3248/800

ENERGY, MINES SECRETARY ON ECONOMIC MEASURES

PA171926 Mexico City UNOMASUNO in Spanish 14 May 83 p 8

[By Jesus Chavez]

[Text] La Paz, BCS [Southern Baja, California], 13 May--Energy, Mines and Semistate Industry Secretary Francisco LaBastida Ochoa stated here yesterday that the goals set by the federal government to alleviate the effects of the economic crisis in the country are to maintain and increase petroleum exports, strengthen employment in the industrial sector, increase exports of manufactured products, and decrease imports rapidly.

He indicated that a rational policy of market diversification will allow Mexico to increase its petroleum exports, which at present reach a daily average of 1,505,000 barrels. "These will be sold at the highest possible price," he added.

During his visit to La Paz to examine and evaluate the possibility of granting resources for the industrialization of phosphorite, gold and silver, the official denied that the national economy is oil-oriented, although he said that "oil exports play an extremely important role as a source of foreign exchange and have an overall significant effect on the national economy."

Among the government's plans to overcome the crisis, the secretary stressed the need to strengthen the manufacturing industries in order to maintain jobs and double the exports of these products.

He added that the export goal set this year for manufactured products is \$700 million, an increase from \$350 million. This will permit Mexico to obtain more foreign exchange.

LaBastida Ochoa said that "the imports being made are painful for the country, but necessary" and asserted that when the petrochemical complex at La Cangrejera starts operating, "Mexico will not have to import from \$450 to \$500 million worth of petrochemical products." He added that the outlay of \$20 million will be avoided when the imports of baryta have been eliminated.

Regarding the possibility that the government might agree to channel economic resources into the industrialization of phosphorite at the Adolfo Lopez Mateos and San Juan de la Costa Harbors, as well as gold and silver at San Antonio and El Triunfo, the secretary indicated that "the purpose of my visit is to hold talks and examine the possibility of setting up small and medium mining businesses that can be established in a short time."

GROWTH IN SERVICES' INCOME ANNOUNCED

FL061456 Mexico City NOTIMEX in Spanish 2215 GMT 5 May 83

[Text] Mexico City, 5 May (NOTIMEX)--The Mexican Government announced today that the increase in public services' rates, a measure adopted to reorganize the enterprises' finances, has considerably raised the level of income.

At the beginning of the 1982-1988 presidential administration, President Miguel de la Madrid announced an increase in the prices charged for services by the government to eliminate subsidies and outlays which were provoking a budgetary deficit.

The income of agencies and enterprises subject to budgetary control amounted to 547.9 billion pesos (3.7 billion dollars) during the first 3 months of this year. The growth with respect to the same period of time in 1982 was 150 percent, according to a Secretary of Finance's report.

Pemex's income amounted to 313.6 billion pesos (2.93 billion dollars), a growth of 255 percent compared to 1982. The income of the Federal Electricity Commission during the year's first 3 months amounted to 30.5 billion pesos (203 million dollars), a 129 percent increase over last year's. Mexican Fertilizers (FERTIMEX) reported income amounting to 13.9 billion pesos (92.6 million dollars), a growth in the order of 209 percent over the January-March 1982 period.

The Mexican Social Security Institute (IMSS), an institution charged with providing medical services to workers of private enterprises, announced an income of 70.7 billion pesos (4.7 billion dollars), about 54 percent higher than in 1982. The Government Basic Commodities Company (CONASUPO), responsible for marketing the country's foodstuffs, reported an income of 33.4 billion pesos (2.23 billion dollars), a growth of 102 percent with respect to the previous year.

CSO: 3248/799

BRIEFS

CONTADORA COMMISSION REPRESENTATIVES APPOINTED--Mexico City, 19 May (AFP)--It has been officially announced that today Mexico appointed ambassadors Sergio Gonzalez Galvez and Ernesto Madero Fasquez, both Foreign Secretariat advisers, as its representatives on the observing commission established by the Contadora Group. [Text] [PA201220 Paris AFP in Spanish 0239 GMT 20 May 83]

MEXICO, USSR TECHNOLOGY EXCHANGE--Mexico City, 13 May (CANA-REUTER)--The Soviet Union and Mexico have signed a letter of understanding to exchange oil technology, the Mexican state oil monopoly Pemex said yesterday. The Soviet Union is the world's biggest producer and Mexico the fourth, according to Pemex figures. Cooperation looked promising in drilling, petroleum transport, geology and geophysics and the two countries would announce co-operation programmes by December, it said. They would also consider the possibility of launching joint research projects, Pemex added. [Text] [FL131030 Bridgetown CANA in English 1006 GMT 13 May 83]

CSO: 3248/799

SPP DEMANDS RELEASE OF ARRESTED JOURNALIST

PY162045 Asuncion ABC COLOR in Spanish 14 May 83 p 14

[Text] The Paraguayan Journalists Union (SPP) issued yesterday a communique in which it notes the arrest of several students and members of labor unions and demands their freedom. The communique also notes that the situation is creating an atmosphere of uncertainty and concern.

The communique notes that "in view of the persecutuion campaign launched by the newspaper PATRIA, police forces proceeded to arrest members of labor unions and student groups, among whom is the Bank of Brazil union leader Ruben Lisboa and presumably the SSP organization department secretary, Gustavo Codas."

It adds that "since two days ago, Gustavo Coda's family--made up of his mother, who suffers from asthma, his two sisters--one of whom is pregnant and the other has a small baby--and their respective husbands, the maid, her two daughters, and the driver--has been virtually under house arrest and held incomunicado."

The communique states that "during the harassment campaign against the newspaper ABC COLOR, police authorities detained, questioned and opened a police file on driver and journalist Hector Guerin, an SPP delegate, while they were carrying out their job in keeping with the law."

The SPP communique adds that "the SPP believes that since there are no proper solutions to the present social problems brought on by the economic crisis, particularly the massive unemployment and the crisis within the hierarchy of the labor central, the newspaper PATRIA launched a harassment campaign based on the publication of the newspaper SINTESIS [an alleged mouthpiece of the OPM [Political-Military Organization]]."

In its communique the SPP noted that "it categorically rejects the police procedure used in both cases and it demands the police to put an end to this persecution and to release the union leaders since this is creating an atmosphere of uncertainty and concern within our union and in our families."

It adds: "Moreover, now we have evidence that 'journalists' CAM [Carlos Arza Maldonado], AN [Artemio Nunes] and AZ [expansion unknown] are agents of repression."

The SPP communique states: "The SPP reasserts once again its support for an autonomous SPP union policy and for its leaders, who are not active in any political activity of any kind in view of their complete commitment with the struggle of the union." The SPP communique which was issued by the Journalist Union, is signed by SPP Secretary General Osmar Sostoa.

CSO: 3348/396

UIP DISCUSSES INDUSTRIAL LIQUIDITY CRISIS

PY180107 Asuncion ABC COLOR in Spanish 3 May 83 p 11

[Excerpts] In a special session, the Paraguayan Industrial Union [UIP], which was virtually turned into a board of creditors [as published], proposed yesterday that a pact be urgently negotiated with the banks: some sort of moratorium for 1 year to overcome the critical liquidity crisis the sector is facing. The financial organizations were harshly criticized for their position in denying soft credits for working capital. The industrial leaders also warned that if an agreement is not reached, 60 percent of the factories could end up in the hands of the banks, thus provoking a totally abnormal situation of unpredictable consequences.

By request of 43 associated industrial unions, the UIP council of directors held a meeting last night. Many businessmen expressed their concern over the critical situation they are going through due to suspension of industrial loans and asked for the presentation of a request to postpone payments of overdue credits which cannot be paid due to the liquidity crisis in this sector.

Raul Castagnino (owner of wine cellars), stated that the country's industrial sector, after agriculture, is the sector which employs the most people. "We have the right to be listened to and helped because industry is essential for the development and survival of a country." He stated: "We have received with surprise the report on the change in bank policy. They have stopped the soft credits to us, forcing us to lay off workers and to sell some properties which we must turn into cash to continue operating or we have to begin operations outside our line of production in order to progress, either slowly or rapidly."

Sigfrido Maluff (ceramics industry) stated that the banks have, in fact, hardened their position more toward the nonexporting industries. "Those industries that obtain foreign exchange for their products are treated differently. But those of us who do not receive foreign exchange are not treated the same. Our requests are immediately forwarded to the financial organizations, because each bank has its financial enterprise, and here it is impossible to find credit for working capital."

Marcio Schussmuller (metallurgy) stated that several industries in this sector are already closed. "The VIP can state that we stopped importing raw material a long time ago. Here soft credits are granted only to expand industries or to open new ones, while credits are needed to allow the existing ones to operate. Why open new industries if the existing ones cannot operate? The interest rate has reached more than 40 percent annually."

There was much pessimism at the meeting on the country's economic future. In this regard, Dr Vicente Mayor (metallurgy) noted that there was great confusion. "And this confusion comes from the ministry we depend on. This ministry contracts foreign experts that cost thousands of dollars to study the situation of the industrial sector. We do not need to bring foreign experts to know our problems. We know perfectly what our problems are."

Mayor also criticized the banks: "There are no banks that go bankrupt, they all prosper. And because of their greed in submitting us to short-term credits with high interest, they are going to end up with a number of industries on their hands, and what are they going to do with them?" he concluded.

CSO: 3348/396

FLOOD SITUATION REACHES CRITICAL LEVEL

PY241555 [Editorial Report] Asuncion HOY in Spanish on 24 May reports on page 14 that 600 volunteers have arrived in Pilar from Neembucu to help close a 12-meter gap in the dikes surrounding Barrio Obrero, located along the Neembucu River. The merchant ship "Rio Apa" left Pilar yesterday afternoon transporting approximately 2,000 people to Asuncion. "The number of people who have already left Pilar is estimated at 5,000."

In addition to repairing the broken dikes surrounding Barrio Obrero, which has been totally flooded, large tents have been set up for evacuated people in Loma Clavel, the highest part of Pilar. It is reported that food supplies are normal and the services have not been interrupted despite the many difficulties.

Reports state that the localities north of Pilar are almost deserted. In Alberdi families with two-story houses are staying in the city while the other people had to move to Asuncion or to higher places. "In Sebastian Gaboto 40 families living in very precarious conditions had to travel 15 kilometers before they could settle on safe ground. The ship "Navawa" was the first ship to deliver supplies, medicines and blankets to them."

In Ciudad Presidente Stroessner the Parana River, which hit a record height of 36.18 meters, decreased to 34 meters yesterday. The flooding of the Saladito River left 40 families homeless in addition to the 150 families from San Rafael.

The situation in Paso de la Patria has become serious as there are 1,800 homeless people who cannot leave the place due to the lack of transportation. It is reported that ships cannot reach Itaipu from Humaita because the river is very shallow. Paso de la Patria is virtually isolated and the people are beginning to lack food supplies, medicines, tents and materials to build shelters.

It is believed that about 10,000 people had to leave their homes in Concepcion and reports state that the Paraguay River waters have flooded the lowest parts of the city, such as Chaco'i, San Jose Olero and San Antonio. The waters are reportedly beginning to flood downtown Concepcion. The people of Concepcion are very concerned because they are receiving very little aid.

"It is reported that there are 322 homeless families in Villeta and that the figure grows daily because the Paraguay River is growing continuously." The floods have also affected many industries in Villeta.

Asuncion HOY in Spanish on 24 May reports on page 15 that only two blocs of the city of Humaita are free of the waters and that there is not enough room for all the evacuated people. The Paraguayan Red Cross is delivering shovels, sacks, medicines and food supplies to the Humaita community. The Corupaty ruins in Humaita have been totally covered by the waters.

San Antonio is not going through an emergency but 200 people have been evacuated. Many of these people are taking shelter in the central market while others are living in tents.

Yesterday the Paraguayan Red Cross delivered food and medicines to localities south of Asuncion. The situation in this area was termed pathetic because many people are living under trees and have no food. It was reported that the floods and the rains are beginning to affect the children.

The heavy rains which fell in the northern part of the country caused the Paraguay River to grow 15 centimeters in Fuerte Olimpo, hitting 7.69 meters.

In Asuncion the Paraguay River grew 8 centimeters and it is about to hit 9 meters. In Villeta the Paraguay River grew 7 centimeters, reaching the level of 8.75 meters. In Pilar it grew 4 centimeters, reaching 9.77 meters.

The Parana River reached 6.20 meters in Encarnacion, 6.38 meters in Ayolas and 4.80 meters in Yacyreta.

CSO: 3348/396

BRIEFS

FLOOD THREATENS WATER SUPPLY--The water treatment and pumping station which Corposana [Sanitation Corporation] operates in the zone of Vinas Cue is facing an emergency due to the rising waters of the Paraguay River. The walls of the station have been reinforced with concrete and workers now have access to the station through the roof. Water supply to Asuncion is running into difficulties because the Vinas Cue station--specifically the water treatment facilities--is inundated. The situation will continue to operate under present conditions, but serious trouble may develop if the flood waters surpass their present level. This water supply station has been threatened by floods in the past, but never so seriously as now. Water supply to Asuncion depends to a large extent on the operation of this station. [Excerpts]
[PY171811 Asuncion ABC COLOR in Spanish 17 May 83 p 9]

CSO: 3348/396

SCHWALB DISCUSSES NATIONAL, ANDEAN ISSUES

PY131920 Lima EL COMERCIO in Spanish 30 Apr 83 p A 4

[Excerpts] The chairman of the Council of Ministers, Fernando Schwalb Lopez Aldana, announced yesterday that Minister Carlos Rodriguez Pastor ended negotiations with the international banking sector for the granting of a \$450 million dollar credit to be used in the reactivation of the public sector.

He noted that this is a new credit that will be granted to Peru and that it will be issued by 180 of the 200 banks which do business with the government.

He added that if the other banks decide to join with their support, the money would have to be returned since the limit is \$450 million.

Schwalb said that the economy minister had informed him about this "encouraging news" during a telephone conversation from the United States. In addition, Rodriguez Pastor reported that the IMF, the World Bank, and AID had agreed to finance emergency programs for devastated areas.

During a press conference held after the weekly cabinet meeting, the chief of the cabinet noted that the IMF board will issue its decision regarding the program that has been proposed by Peru on 20 May but he added that it is taken for granted that the terms have been accepted.

Schwalb said that within the financial program aimed at reactivating the Peruvian economy, Peru has renewed its short-term obligations, which total \$2 billion, and that it will receive an additional \$450 million to pay the servicing of the foreign debt that expires this year.

Answering a question on Bolivia's landlocked situation, the prime minister and foreign minister reasserted that Peru's position in this regard is in keeping with what is established in the 1929 treaty and its complementary protocol that was signed by Peru and Chile. Commenting on a recent debate between the Chilean and Bolivian ambassadors on this subject that was broadcast on a local television station, Schwalb noted that the Bolivian permanent ambassador to the OAS has used a tone that is not advisable, particularly since Peru maintains a neutral position in this regard.

Schwalb said that in view of this, our ambassador to the OAS has been instructed to express to his Bolivian colleague that "although we respect his opinion, Peru defends its neutral position and it does not view with pleasure the fact that while in our country a foreigner should use an aggressive tone in reference to a country (Chile) with which we maintain normal relations."

The foreign minister denied that he had summoned the Chilean ambassador and the Bolivian charge d'affaires to the Foreign Ministry to express our country's annoyance over the statements issued during the television program.

Regarding the purchase of the British aircraft carrier "Hermes" by Chile and the installation of a British military base in Chile, Schwalb said that the Peruvian Foreign Ministry is carrying out investigations to confirm these reports but that for the time being there is nothing official in this regard.

Asked about the struggle against terrorism, the foreign minister said that with the new interior minister we have undertaken a reevaluation of the anti-terrorist struggle including the military aspect. This may possibly result in a new strategy or in a modification of the present plan.

Schwalb noted that the fact that a new minister has been appointed is in itself a sign that there may be some changes.

He added all this does not mean that we are not concerned over developments programs in the southern-central region of the country. This is being done through department development corporations and all the vital requirements of the population are being met.

He said that respect for public authorities in emergency areas will be achieved through joint action by the military forces which will be in charge of pacification and the government which will carry out socioeconomic development programs in the area.

Regarding rumors about other cabinet changes, Schwalb reasserted that these may be referring to those changes that the Christian Popular Party makes every year in July. He noted: "The president has already made a statement in this regard and I personally do not know of any cabinet changes plans."

CSO: 3348/388

DECLARATION SUPPORTING CONTADORA EFFORTS RELEASED

PY170031 Lima EL COMERCIO in Spanish 30 Apr 83 p A 4

[Text] Regarding events in Central America, Peru, through its Foreign Ministry, has issued a declaration expressing its support for the efforts the foreign ministers of Colombia, Mexico, Panama and Venezuela are making to find a negotiated solution to the crisis currently affecting that part of the continent.

The text of the declaration released yesterday by Torre Tagle Palace reads as follows:

Declaration of the Ministry of Foreign Relations Concerning Problems Affecting Central America.

The Government of Peru has been following with concern the development of events in Central America. Peru presented proposals at the United Nations and at the OAS on this matter seeking a constructive understanding by the parties involved and the reestablishment of a lasting peace in the region.

In this context the Government of Peru expresses its support for the efforts being made by the foreign ministers of Colombia, Mexico, Panama and Venezuela, within the framework of the Contadora Declaration of 9 January 1983, with the purpose of finding a negotiated solution to the current Central American crisis.

Peru feels that the diplomatic actions being carried out are highly positive, not only because they promote dialogue among the parties directly involved, but because these actions now being carried out constitute an important initiative for identifying the problems which are adversely affecting the region and finding solutions to these problems within the framework of respect for the principles of nonintervention, self-determination, peaceful solution of controversies, and international cooperation.

Lima, 29 April 1983.

CSO: 3348/388

REPORTAGE ON SHINING PATH ACTIVITIES

Casualties in Ayacucho Reported

PA111700 Havana International Service in Quechua 2200 GMT 4 May 83

[Text] Forty-eight people died in Ayacucho Department, Peru, during bloody clashes between the army and groups of armed men. In addition, reliable sources reported that Peruvian Interior Minister Luis Percovich stated that Ayacucho Department has been in a state of emergency for more than 4 months. The minister also said that the armed groups fighting in Ayacucho are not receiving foreign aid.

No Foreigners Among Terrorists

PY130232 Lima EL OBSERVADOR in Spanish 1 May 83 p 6

[Excerpts] Interior Minister Luis Percovich Roca has ruled out the possibility of the involvement of foreign forces in the subversive actions of the pro-Maoist "Shining Path" group in Ayacucho Department. He noted, however, that drug traffickers could be involved in the terrorist movement.

Speaking after a ceremony marking the 35th graduation anniversary of the "Teniente GC Luis Roa Flores" class of civil guards and police investigation officers, Percovich indicated the possibility of establishing a joint command of police forces.

Percovich denied the existence of disagreements or internal divisions within his party, Popular Action, and made it clear that the cabinet changes announced by [Senate president and second vice president] Javier Alva Orlandini are not a fait accompli.

He announced that new weapons will arrive soon and that bids will be requested for the purchase of transport and communications equipment and clothing.

Presence of Mercenaries Denied

PA102241 Havana International Service in Spanish 0000 GMT 9 May 83

[Text] General Clemente Noel Morales, the political military chief of the Ayacucho emergency zone, emphatically denied the participation of mercenary elements in the subversive activities that are taking place in that part of the country.

Talking to LA CRONICA reporters, Gen Morales insisted that the rebel groups are already surrounded and that Ayacucho Department will be pacified within 2 or 3 months.

Teachers Killed, Reporter Questioned

PY200125 Lima EL OBSERVADOR in Spanish 13 May 83 p 1

[Article by correspondent Domingo Huerta Huaman]

[Text] Ayacucho, 12 May--Four rural teachers have been killed by members of the Shining Path group in the district of Paras, Cangallo, while General Clemente Noel Moral, head of the Political Military Command admitted that anthropologist and journalist Jaime Urrutia has been detained by a special military command who acted with faces covered.

It also has been reported that reporter Luis Morales Ortega has received a new death threat through a piece of paper thrown to his house right after the curfew.

The murder of the teachers has deepened the reluctance of rural teachers to begin the school year for fear of retaliation from Shining Path.

Senator Edmundo Murrugarra of the United Left, who arrived here today with APRA Party [American Revolutionary Popular Alliance] Deputy Carlos Capelletti, reported that Gen Noel Moral admitted in a chat with these congressmen that he had detained Urrutia to investigate whether the reporter, who conducts an institute with foreign funds, had used those funds to help subversion.

He added that the general has justified the event indicating that they are special operations and the fact the military commandos covered their faces seeks to safeguard the lives of his personnel.

Deputy Capelletti also reported that Urrutia will be placed at the disposal of the Peruvian Investigative Police tomorrow, and then he will be transferred to the judicial branch.

Capelletti regretted the fact that he was not allowed to visit the reporter at the garrison where he is still being "held incommunicado and submitted to interrogations."

CSO: 3348/389

BRIEFS

NATURAL DISASTER REVENUE LOSS--Lima, 8 May (EFE)--It was reported here today that this year Peru will collect approximately \$400 million less because it will be unable to export a number of traditional and nontraditional products in view of the natural disasters which have scourged vast areas of its territory. Daniel Linares, chairman of the economy, finance and fiscal revenues committee of the chamber of deputies, believes that the downward variations of the prices of certain Peruvian products on the international market will be another factor responsible for the decline of revenues. Linares added that Peru will fail to receive \$90 million for its copper, \$80 million for its silver, \$60 million for lead, \$30 million for zinc, \$50 million for oil, \$20 million for cotton and sugar, and \$50 million for nontraditional exports. [figures as received] The deputy emphasized that the lower income is bound to affect the balance of payments. [Excerpts] [PY101733 Madrid EFE in Spanish 2349 GMT 8 May 83]

MERCHANT MARINE ECONOMIC EMERGENCY--The government has declared a 1-year state of economic emergency in the National Merchant Marine, in view of the difficult situation that the sector is going through in the wake of the freight market crisis. The government also approved other emergency resolutions for the purpose of protecting the economic stability of shipping companies and their manpower, so that they do not go bankrupt. [Excerpt] [PY200200 Lima EL COMERCIO in Spanish 13 May 83 p 1]

EARTHQUAKE WARNING NETWORK--The first 5 of a 15-unit earthquake warning network will begin to be installed in Peru in 2 weeks. The computerized central station has already been built. This earthquake warning network will monitor the coastal, central and southern regions of Peru. [PY060228 Buenos Aires TELAM in Spanish 1123 GMT 2 May 83 PY]

FRG CREDIT--Peru and the FRG have just signed three technical and financial assistance agreements for various education and health projects. Under these agreements Peru will receive credits amounting to 7.73 billion soles. [PY060228 Lima EL COMERCIO in Spanish 29 Apr 83 p A 4 PY]

AUTOMOBILE INDUSTRY SEEKS SECURITY--Peruvian automotive industry businessmen are holding the Peruvian Government responsible for the destabilization of the industry and warned that this employment sector is in danger of disappearing. A statement issued in Lima after the shutdown of the Chrysler

assembly plant, which left more than 600 workers jobless, cited 11 legal measures issued by the current Peruvian Government that have reduced the effective margin of protection for the domestic automobile industry as compared to imported vehicles. The business association demanded that the government take over the supply of vehicles for the state sector at all levels in order to alleviate the crisis. [Text] [PA102311 Havana International Service in Spanish 0000 GMT 8 May 83]

NONTRADITIONAL EXPORTS INCREASE--Peru's nontraditional exports increased 8.4 percent in 1982 compared to 1981, the Peruvian Exporters Association bulletin reported today. These exports totaled \$750 million in 1982 against \$700 million in 1981. [PY152210 Madrid EFE in Spanish 1744 GMT 11 May 83 PY]

CSO: 3348/388

ARMED FORCES PROPOSE REFORMS ON CONSTITUTION

PY142329 Paris AFP in Spanish 0245 GMT 14 May 83

[Excerpt] Montevideo, 13 May (AFP)--On resuming today the political dialogue with the three authorized political parties in order to restore democracy, the Uruguayan Armed Forces made public tonight the guidelines for the new constitution.

In a 24-point document the military men propose a number of reforms, many of which have to do with state security.

The document outlines the abnormal situation in Uruguay before the armed forces took over power 10 years ago. The document adds that although "there are no major objections to the constitution implemented in 1967, more rigid mechanisms should be sought to perpetuate its enforcement."

The proposed changes seek to obtain more room for maneuver in the fight against subversion, which the armed forces describe as a new kind of warfare that is ideologically different from conventional warfare because the extremists operate and seek concealment among the civilian population.

The document also admits the need to implement rules regarding freedom of speech which will prevent it, without affecting its essence, from becoming a psychological-political instrument operating under some particular influence.

The document also points out the necessity of improving the measures on the right to hold union membership and to strike so that these do not become instruments for political action but instruments for reconciliation and arbitration.

The document also discusses social security, the justified outlawing of political organizations inciting and engaging in violence, and the need for the new constitution to include the guidelines of the recent law which rehabilitated political parties.

Other topics include national security as a basic element, supported by an interdisciplinary advisory organization at a technical and specialized level (National Security Council--COSENA).

According to observers, this topic will be the most delicate during the forthcoming meetings because politicians say that COSENA has decisive powers and that the military consider its institutionalization a sine qua non condition.

Another important topic includes the creation of an intermediate power authorizing suspension of guarantess and the limitation of individual rights as well as the exercise of special powers necessary to maintain the order, peace and security of the state.

The document also suggests the rationalization of summons and calls, which were abusive measures during the activities of congress in the previous decade.

The topics to be discussed in the forthcoming meetings include the reorganization of the judicial branch, the creation of a superior organization acting as a court of appeals of the electoral court, and the use of the military code for crimes against the state. Measures relating to education and to departmental governments will also be discussed.

The document was delivered this afternoon to the politicians and later to the press at the conclusion of the first day of meetings between the parties, meetings which, according to analysts, started out tense but became cordial.

Analysts believe that the release of Carminillo Maderos, member of the Blanco Party, helped to calm down the over excited feelings of the politicians, who even speculated about the possibility of withdrawing from the dialogue even before it began.

CSO: 3348/399

'EL DIA' JOURNALIST'S ARTICLES, 'LA DEMOCRACIA' BANNED

Journalist's Articles Banned

PY191732 Paris AFP in Spanish 1453 GMT 10 May 83

[Text] Montevideo, 19 May (AFP)--Uruguayan journalist Enrique Alonso Fernandez, who along with another Uruguayan citizen recently won the 1982 contest organized by the Latin American Integration Association (ALADI), has been prohibited from writing articles for his newspaper.

Sources related to EL DIA, which leans toward the liberal Colorado Party--for which Alonso Fernandez works--stated that the newspaper officials received a phone call from the Interior Ministry informing them that the journalist could no longer write any articles under his name or any pen name.

Last February Alonso Fernandez and two other EL DIA journalists were arrested and interrogated for some 24 hours.

The police action was carried out due to an article written by Alonso Fernandez regarding a demonstration held on the outskirts of Montevideo where some 500 families boycotted stores for 1 day to protest the drop in their salaries' purchasing power.

On that occasion the journalist was informed that the demonstration had been orchestrated by subversive elements.

After that event Alonso Fernandez was awarded with the ALADI prize.

'LA DEMOCRACIA' Banned 'Indefinitely'

PY210200 Madrid EFE in Spanish 0336 GMT 20 May 83

[Text] Montevideo, 20 May (EFE)--The Uruguayan police today prevented the opposition newspaper LA DEMOCRACIA from hitting the streets and the directors were advised that an 'undefined' ban had been levied on the newspapers. The reasons for the ban were not immediately released.

Early this morning a police detachment arrived at the printing shop of EL PAIS, a Montevideo daily where LA DEMOCRACIA is also printed, and seized the issue which was dedicated to welcoming King Juan Carlos of Spain, who is due to arrive in Montevideo this afternoon.

The first page of the newspaper carried a photograph of the Spanish king together with Wilson Ferreira Aldunate, the banned leader of the Blanco Party currently in exile in London. The photograph has been taken off an international edition of the Madrid daily ABC, which had circulated normally in Uruguay.

In the issue that was seized LA DEMOCRACIA published a homage to Uruguayan political leaders Hector Gutierrez Ruiz and Zelmar Michelini, murdered in Buenos Aires 7 years ago.

On pages 8 and 9 the newspaper carried two interviews with the widows of the politicians Elisa Delle Piane de Michelini and Matilde Rodriguez Larreta de Gutierrez Ruiz.

The chief of the police detachment which seized LA DEMOCRACIA told its directors Alberto Zumaran that it has been decided to close the newspaper "indefinitely."

This is the fourth time in the last 2 years that the newspaper has been closed down. LA DEMOCRACIA is an opposition newspaper, considered to be the mouthpiece of Ferreira Aldunate's faction currently in contrll of the Blanco Party after the internal party elections held on 28 November 1982.

LA DEMOCRACIA reappeared in December 1982 after having been banned for 24 issues by the Uruguayan military regime. This ban had been the most recent, preceded by one ban for four and two bans for eight issues ordered last year.

The issue due to come out today was number 39. One of the persons in charge of the newspaper told EFE that he had not been advised of the reasons for the new ban but he assumed that it could have been motivated by the publication of the photograph of King Juan Carlos with Ferreira Aldunate and the photograph of King Juan Carlos with Ferreira Aldunate and the photographs of the murdered politicians.

Local political circles had been talking lately of a meeting between the banned Uruguayan leader and the King of Spain that had taken place prior to the trip of the royal couple to Montevideo.

King Juan Carlos was planning to meet in Montevideo with politicians of all leanings including those of the banned Christian Democratic and Socialist Party.

CSO: 3348/399

ARMED FORCES ISSUES 'SEVERE' WARNING TO POLITICIANS

Head of Joint Chiefs of Staff Criticizes Activities

PY11510 Paris AFP in Spanish 0321 GMT 11 May 83

[Text] Montevideo, 10 May (AFP)--A four hours before the resumption of a dialogue over a series of constitutional amendments, the Armed Forces issued today a severe warning to Uruguayan political parties and announced a strict enforcement of the present laws.

In a message broadcast over national radio and television networks, the head of the Joint Chiefs of Staff (ESMACO), Rear Admiral Jorge Laborde, criticized the activities carried out by political leaders since their elections in November 1982.

The Navy official noted that since then, politicians have acted without the prudence or tact that is necessary to generate an atmosphere of social peace and stability which is essential to achieve the new institutionalization.

Laborde noted as an example the making of easy promises regarding labor and salary issues which would be incompatible with the present possibilities and national resources and which would exacerbate the expectations of "the most needy sectors."

Moreover, he noted the repeated defense of citizens who have had their political rights curtailed who are either sought by justice or who have been indicted for crimes against the nation.

Laborde also noted the systematic attacks against the officials responsible for economic leadership who were charged with serving foreign causes.

He said that these attacks create an atmosphere of distrust and uncertainty and they deteriorate Uruguay's image and its international credit.

The ESMACO chief also noted the increasing complicity of politicians with international organizations that are involved in permanent campaigns against the country.

According to Laborde these issues tend to increase the serious problems that Uruguay is experiencing within the framework of a world overburdened by difficulties and they also tend to destroy the people's fighting spirit to overcome those difficulties that they have always been able to overcome.

Laborde said that in addition these actions violate the law since they acquire the nature of provocations.

In this regard and after reasserting the Armed Forces' firm purpose of carrying out a dialogue with the objective of achieving an agreement, Laborde warned that the path toward achieving a state of rights will be characterized by the strict enforcement of the present laws.

He added that it is the responsibility and the duty of the authorities to act against any direct or indirect action that is aimed against this objective, as well as to keep social peace, political stability and the defense of the national sovereignty which are essential elements in terms in which we are experiencing a critical recession and a serious crisis.

Army Commander Slams Attacks by Political Leaders

PY111925 Montevideo Radio El Espectador Network in Spanish 1600 GMT 11 May 83

[Text] The Armed Forces will not tolerate the attacks which the political parties have been directing against the performance of the Armed Forces. This statement was made by Army Commander Lieutenant General Boscan Hontou. He made these remarks in the city of Mercedes.

The communique released a few hours ago through a national radio and television network perfectly reflects the conviction of the effective branch and the Armed Forces that an agreement will be achieved with the political parties, Hontou stated.

Lt Gen Hontou added that the Armed Forces had been too patient to allow all the attacks carried out by political leaders. He added that the best results of the process have been achieved by the military mayors.

CSO: 3348/399

BRIEFS

ARREST OF CONVENTION DELEGATE--Montevideo, 13 May (AFP)--It was reported this morning that the arrest of a convention delegate from the Blanco Party and the announcement that he will be brought before a military court is jeopardizing the participation of this party in the dialogue with the military government, a dialogue which is due to begin today. Carminillo Medero was arrested after he criticized the performance of the departmental municipal administration which is headed by a military officer, at a convention of the Blanco Party in Colonia, 177 km west of Montevideo. Relatives of the convention delegate reported that he is being held incommunicado and will be brought before a military court. After holding an urgent meeting the leaders of the Blanco Party appear to be prepared to suspend the dialogue with the Armed Forces, a dialogue which was scheduled to begin this afternoon in order to reach an agreement on a constitutional reform as the first step toward the reinstatement of the state of law in Uruguay. The political leaders have indicated that the arrest, which they termed unprecedented in Uruguay's political history, is incompatible with the atmosphere of freedom from outrages and threats which any dialogue requires. They explained that Medero questioned the performance of the Colonia mayor in his administrative role and not as a military officer and pointed out that if the government felt offended it should have resorted to civilian and not military courts. [Text] [Paris AFP in Spanish 1134 GMT 13 May 83]

PROPERTY RETURN TO PARTIES--Montevideo, 10 May (EFE)--The Uruguayan military regime decided today to return all the properties of political parties, the Blanco and Colorado parties, that were being managed by special commissions that were appointed after the 1973 coup d'etat. Through a decree signed by Uruguayan President Gregorio Alvarez the party headquarters, furniture and party files will be returned to the two main Uruguayan political parties which have the support of 80 percent of Uruguayan citizens. The property will be handed over to the political party executive authorities that were elected during internal party elections on 28 November. The Uruguayan military regime only recognizes three political parties, the Blanco, Colorado and Civic Union Parties. It excluded leftist sectors from the democratization process but it approved a law that authorizes the establishment of new political trends. The return of party property takes place 3 days before the start of a dialogue between military and politicians to draft a new constitution which will be subjected to a plebiscite in 1984. In keeping with what has

been announced, national elections will also be held at this time thus putting an end to 11 years of military regime in Uruguay. [Text] [PY112100 Madrid EFE in Spanish 0041 GMT 11 May 83]

BUSINESS SECTOR CRISIS--The Uruguayan business confederation will begin new negotiations with the Central Bank and SEPLACODI [Information, Coordination and Planning Secretariat] seeking solutions to the serious crisis affecting the industry and business sectors. The situation is getting worse since the slight reduction in interest rates has had practically no reactivating effect. This statement was made to Radio El Espectador by (CEDE) [expansion unknown] adviser (Franz Velcciaro), when speaking about the current situation in the interior. Other enterprises have been closed due to financial problems and difficulties in paying their debts, he stated. [Excerpt] [PY 100201 Montevideo Radio El Espectador Network in Spanish 1600 GMT 9 May 83]

CSO: 3348/399

COPEI'S POWER STRUGGLE, FINANCIAL DIFFICULTIES REPORTED

Caracas RESUMEN in Spanish 8 May 83 p 5

[Text] The war between Caldera and Herrera followers continues to claim victims. One aspect, among others, of the Andean Cement Company scandal is that it belongs to Pepi Montes de Oca, who has refused to aid Caldera's candidacy unless his group is given 50 percent representation in the party's lists of candidates.

Based on initial evidence, "Pepi" Montes de Oca has been the only Herrera leader who has managed "his" wealth according to the "criterion of frugality," for not only has he retained the funds left over from his unsuccessful candidacy, but he has also increased the profits of the companies which directly or indirectly came under his control after he left the Ministry of the Interior. There has been talk of ranches, of large real estate investments, of petrochemical complexes, and finally of the Andean Cement Company. The former precandidate apparently enjoys a secure position not suspected by either the followers of Caldera or of Carlos Andres.

In the meantime, the candidacy of the front runner for president of the republic is collapsing. Among other reasons, because financial promises are not being kept by either side. Many friends and sympathizers who had promised substantial support do not want to commit themselves. Some, because of the 180-degree turn which economic policy has taken. Others, because the 4.30 [percent rate?] has pushed them to the edge of bankruptcy. Most feel this way because they believe that an effort of this nature at this stage, and with the candidate not receiving more than 20 percent of the vote in opinion polls, is totally out of place. David Garth is protesting and it is possible that there will soon be a shake-up of those in charge of publicity.

However, the all-powerful former minister of the interior decided to ignore this. With machiavellian indifference, he withdrew to Barquisimeto, turning his attention to "the boys," attending an occasional cockfight, receiving his friends, and talking indirectly about a possible comeback and his political resurrection. The long meetings between the former minister and Miguel Bello gained fame in the city of twilight. Valmore Acevedo Amaya attended them from time to time. And everything was remembered and bemoaned.

The Untimely Call

One day, Pepi was roused from his provincial torpor. He received a telephone call from Caracas. Curiel wanted to talk to him. It was urgent that he go to campaign headquarters. Without even stretching, Montes de Oca awoke in the little huisache grove, where he listened to a complete rundown of the situation. The party's campaign was not making progress because, among other things, it needed funds. No one wanted to hear about reality. Bufalo's madness had caused friends and sympathizers to desert, so that only a few courageous ones were still contributing to the campaign. Curiel concluded:

"Rafael Andres, you are the only one who can get us out of this jam. We know that during your precandidacy, you managed to build a regional apparatus of exceptional political and economic efficiency, with men and women who were loyal to you until the end and who are only waiting for a sign from you to band together again. We really need them. Now is the time. We cannot exist with injustice. I believe that we must discuss a plan and establish what kind of support you can give us at this time."

Pepi didn't swallow the bait. He said he had been made aware of the situation and that he would think about it. He was now concerned with his own personal problems, with certain matters that had gotten out of order while he was in Carmelitas and which now required his full attention. He would also have to consult the friends who supported him, a group of leaders who were still loyal to him and on whom he could not suddenly spring an idea of that type. He asked that they please give him a week to reach a decision. Now he wanted to return to Barquisimeto.

But the former minister did not go back to Barquisimeto at all. He immediately went to La Casona. He spoke with the president and later with Gonzalo Garcia Bustillo, Luciano Valero and Valmore Acevedo Amaya. Thus the Herrera faction hatched a sinister plot that enabled them to bring Calderism to its knees once again. The situation was enough to make them rub their hands in anticipation. Montes de Oca went back to his native state. He spoke with some of his friends and the following week he was talking again with Curiel in El Bosque.

Deputies, Senators and Councilors

"We are pleased with this rectification," Pepi began. "Not only are we in power, but we also have the means to exceed the rotten 20 percent. I have spoken with friends and sympathizers and they are all ready to cooperate. We cannot be ignored as a faction. If we reach an agreement on the composition of the party's tickets and the group is given its rightful place as the holder of 50 percent of the power of the rank and file, then we can help the candidate with the necessary funds. In short, we are asking for 50-percent representation in the party's tickets for deputies, senators, legislative assemblies and municipal councils."

Curiel shot back: "What! Have you gone crazy? But your candidacy wouldn't even have received 20 percent of the vote. You yourself can testify that in the end we crushed you. Of course we can talk about the composition of the tickets, but on the basis of much smaller percentages."

"Fifty percent or nothing," Pepi insisted. "This is an opportunity to correct an injustice, a mistake. And it is the only way to unify the party. Tomorrow I leave for Moscow on a sensitive diplomatic mission. When I return, I want a final answer on this proposal. Goodbye." Rumors are circulating that that night Caldera yelled, stamped his feet and uttered all kinds of obscenities in the presence of a group of intimate associates. He had to strangle Pepi and his economic power. He could not yield an inch, not one councilor. The Andean Cement Company's strategy is being planned tonight.

11915

CSO: 3348/365

AD, COPEI, MAS REPORTEDLY UNDERGOING INTERNAL CRISES

Caracas RESUMEN in Spanish 8 May 83 p 37

[Text] At this stage, everyone is mesmerized by the various parties' demonstrated image of unity behind their presidential candidates. But the reality is otherwise: AD [Democratic Action], COPEI [Social Christian Party] and MAS [Movement Toward Socialism] are going into this electoral process with serious internal crises.

Isolation, dirty tricks, conspiracies of obscure factions, low blows among militants of the same orientation are practices which, far from differentiating, unite the system's three main parties: Democratic Action, COPEI and the Movement Toward Socialism. This does not include minor details such as the struggles of the Movement of the Revolutionary Left and the People's Electoral Movement, which today have different characteristics.

An effort is being made to conceal those practices at the present time, in the election campaign, in order to present the image that the parties are more united than ever behind their candidates. An attempt is being made to create the illusion, among the organizations' members and the electorate in general, that the presidential candidates have the total support and backing of their fellow party members. With the overwhelming publicity campaign, characteristic of the times, AD, COPEI and MAS members are trying to bury any trace of dissent from the policies finally established. In their opinion, the election image cannot be sacrificed for the sake of the most legitimate criticism which has been published in the press concerning those strange, unearthly issues. In their view, the most rigid verticality of the Stalinist party plan is necessary, whether they are white, green or orange.

The Solitary Easterner

Journalists familiar with the AD as a source of information say that Luis Pinerua Ordaz is alone, exiled in his office at national headquarters in La Florida. However, a small number of individuals who do not appear to be powerful policymakers visit him, discussing with him minor problems not important to him and providing him with information about alleged acts of corruption. Others who have not forgotten Pinerua either are news reporters who recognize in him the virtue of moral consistency and irreproachable ethics,

a virtue held in very low esteem in these times. With these limited means, Luis Pinerua continues his thoughts and actions, updated and reflected in the national task.

Pinerua's political exile within his own party, AD, is a result of his position on the disaster of the Workers' Bank of Venezuela and, prior to that, his accusations in connection with the Sierra Nevada case. Such demonstrations of integrity, honesty and defense of the most worthy virtues have earned "Pinita" the little popularity he enjoys within the AD's National Executive Committee, of which he is a member. But his power lies in the party's rank and file, in the impression made by his conduct while holding the most important party posts, an impression which he continues to make as the denouncer of any act which offends honesty.

Although it doesn't look like it, Democratic Action is going into this election with serious internal divisions which for the time being underlie the euphoria of an almost certain victory, based on the best-known polls.

The AD's upheaval will take place within the government. Pinerua's tendencies to try to control the party for the next 5 years are obvious as the solitary plainsman tours the country's interior, working steadily and diligently behind the scenes. He has to regroup his forces to face another battle with Carlos Andres Perez for the AD's leadership. At the campaign headquarters of Jaime Lusinchi, they can't stand the sight of him. But Gonzalo Barrios, with a clear head, has restored some order to the bedlam and recalled that Luis Pinerua Ordaz has been one of the AD's most respectable leaders.

COPEI and MAS or the Candidate Does Not Like Criticism

COPEI, the government party, is going into the elections divided and has nominated Caldera as its presidential candidate in a defensive move, ignoring the aspirations of his rival, former Interior Minister Rafael Andres Montes de Oca. Rafael Caldera and Luis Herrera Campins seem to be in agreement, while the election uncertainties of next December are being clarified.

But on some fronts, weapons are being aimed in lethal fashion and no one knows what is happening. One of these is the case of the Andean Cement Company. Some sharp analysts believe that in this instance COPEI is right in investigating the directors and former directors of the Venezuelan Development Corporation, because basically those who are being hurt are those COPEI leaders who have always confronted it and have challenged Rafael Caldera for leadership. The hatchet of war is still buried, but it will be hard for it to remain so for much longer. The factions vying for power within COPEI have halted all actions until after 4 December. Although Calderism continues to be pressured by its opponents, they are now thinking of setting aside election interests and opening fire from a different angle.

What COPEI did at the time of the crisis of Miguel Bello and other leaders, which was to expel both leaders from its ranks, for having criticized Rafael Caldera, seems to have been imitated by the MAS National Directorate, which

has chosen to dismiss from his post leader Tirso Pinto, an open critic of the policy established by Teodoro Petkoff from the party's highest level. The internal democracy of the parties is an illusion. If that is the way things are within them, how will they behave in power?

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POLITICAL PARTIES' POPULAR STANDING ANALYZED

Caracas EL NACIONAL in Spanish 15 Apr 83 p A-4

[Article by Antonio Jose Herrera: "Teodoro, the Polls and the Others"]

[Text] Over the last 25 years in our country, a kind of populism of party reconciliation has prevailed at the government level. AD [Democratic Action] and COPEI [Social Christian Party] deserve responsibility, and the credit, for having conceived and implemented the plan. They are partners in the political system's present situation, with equal rights and obligations. We should not be surprised, therefore, if both parties are affected by the rise of Teodoro, the MAS [Movement Toward Socialism] and the MIR [Movement of the Revolutionary Left], which is viewed, among other things--but primarily--as an expression of popular dissatisfaction with the traditional administration of democracy. On the contrary, this is a sign of maturity. In any case, one that is relevant for "charging" the prevailing leadership with inexcusable mistakes in political leadership. The improvable state of the system of liberties stands out in precisely this connection. And so, with this necessary introduction, we will now try to assess the real significance of popular reaction against the organized election formulas of the Social Christian Party and Democratic Action.

COPEI

I will begin with the most obvious, the government party. Last week, various mass media wrote with amazement: "The MAS is catching up with COPEI; the polarization has been broken." As a matter of fact, if we compare today's situation with the one that existed when the decade began, we can note a very significant rise of the MAS and MIR at a time when COPEI remains at a standstill. Thus according to the Gallup poll of March 1982, COPEI received 19 percent of the preferred vote in the metropolitan area and the national socialist party got barely more than 5 percent. A year later, according to the same pollster, COPEI's state of development was practically the same, with 21.2 percent. On the other hand, the MAS rose to 17.7 percent, not including the MIR, with whose percentage Teodoro's nominating parties were even with COPEI. But this is not only in the metropolitan area. A Datos poll in March 1983 confirmed the trend nationally, assigning 15 percent to MAS and 3 percent to MIR, which together exceed COPEI's 17 percent. Another fact stands out in these polls: former President Caldera is slightly ahead of his party.

AD

Unlike the Caldera-COPEI relationship, between Democratic Action and Lusinchi a difference favorable to the party prevailed. For example, the UCV [Central University of Venezuela] attributed 33.7 percent to AD and 31.3 percent to its candidate in June 1982 and although they were even in the Gallup poll of March 1982, in the December 1982 poll the white standard-bearer again turned up behind AD. Priority is given particularly on one hand, and not without reason, to Caldera's ability and his standing as a national candidate, while on the other hand Lusinchi is seen as a predominantly AD candidate.

But AD is also a victim of the growth of the MAS-MIR axis. In constant competition for control of the congress and legislative assemblies (aiming at the little man's vote), the parties of the socialist standard-bearer have halted the AD's advance with their development. Thus in the Datos poll of March 1983, Lusinchi surpassed AD for the first time by 7 percentage points (45 vs. 38) and if COPEI is at a standstill, the following is more or less obvious: not only are the MAS and MIR capitalizing on dissatisfaction with the government, as demonstrated by the rejection of COPEI, but these two leftist parties are also growing as a result of the support which AD is losing in relation to Lusinchi and logically it cannot hold back COPEI.

Teodoro

As we know, the socialist candidate has also risen significantly: he is now ahead of Rangel (Gallup, 8-8; Gaither, 7-7; Datos, 6-7), although he is still behind the MAS and MIR. But it is for this very reason that he has an enormous advantage over Caldera and Lusinchi: his own lebensraum (acquired by his organizations), where he can develop. Teodoro is the great response to bipartisanism in crisis. The polls say so.

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